NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS Congressional Information Service
Washington D C

S. HRG. 101-361

SUPPORTIVE HOUSING NEEDS OF ELDERLY AND DISABLED PERSONS

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND URBAN AFFAIRS

OF THE

COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

S. 566

TO AUTHORIZE A NEW CORPORATION TO SUPPORT STATE AND LOCAL STRATEGIES FOR ACHIEVING MORE AFFORDABLE HOUSING; TO INCREASE HOMEOWNERSHIP; AND FOR OTHER PURPOSES

THE NATIONAL AFFORDABLE HOUSING ACT

JUNE 2, 1989

Printed for the use of the Committee on Banking, Housing, and Urban Affairs

U.S. GOVERNMENT PRINTING OFFICE

23-004 WASHINGTON : 1989

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

S241-3

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

DONALD W. RIEGLE, JR., Michigan, *Chairman*

ALAN CRANSTON, California
PAUL S. SARBANES, Maryland
CHRISTOPHER J. DODD, Connecticut
ALAN J. DIXON, Illinois
JIM SASSER, Tennessee
TERRY SANFORD, North Carolina
RICHARD C. SHELBY, Alabama
BOB GRAHAM, Florida
TIMOTHY E. WIRTH, Colorado
JOHN F. KERRY, Massachusetts
RICHARD H. BRYAN, Nevada
JAKE GARN, Utah
JOHN HEINZ, Pennsylvania
ALFONSE M. D'AMATO, New York
PHIL GRAMM, Texas
CHRISTOPHER S. BOND, Missouri
CONNIE MACK, Florida
WILLIAM V. ROTH, JR., Delaware
NANCY LANDON KASSEBAUM, Kansas
LARRY PRESSLER, South Dakota

KEVIN C. GOTTLIEB, *Staff Director*
LAMAR SMITH, *Republican Staff Director and Economist*

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

ALAN CRANSTON, California, *Chairman*

PAUL S. SARBANES, Maryland
CHRISTOPHER J. DODD, Connecticut
JIM SASSER, Tennessee
JOHN F. KERRY, Massachusetts
RICHARD H. BRYAN, Nevada
ALFONSE M. D'AMATO, New York
CONNIE MACK, Florida
NANCY LANDON KASSEBAUM, Kansas
LARRY PRESSLER, South Dakota
PHIL GRAMM, Texas

W. DONALD CAMPBELL, *Staff Director*

CONTENTS

FRIDAY, JUNE 2, 1989

Opening statements of:	Page
Senator Dixon	1
Senator Cranston	2
Senator Graham	10
Senator Sarbanes	50
Senator Pressler	52

WITNESSES

Cindi Herrera, deputy executive director, Housing Authority for LaSalle County, IL; representing the National Association of Housing and Redevelopment Officials	4
Prepared statement	7
Corinne Jochum, vote coordinator, Nebraska, American Association of Retired Persons	11
Prepared statement	13
Laverne R. Joseph, president and chief executive officer, Retirement Housing Foundation, Long Beach, CA, on behalf of the American Association of Homes for the Aging	17
Prepared statement	20
Juliet Massey-Duahn, administrator, Jewish Center Tower, Tampa, FL, accompanied by Esther Piper, tenant	29
Prepared statement	31
Richard H. Bradfield, AIA, president, Bradfield Associates, Atlanta, GA, on behalf of the American Institute of Architects	34
Prepared statement	37
Stephen A. Somers, Ph.D., senior program officer, The Robert Wood Johnson Foundation, Princeton, NJ	53
Prepared statement	56
Leonard S. Rubenstein, legal director, Mental Health Law Project, Washington, DC, accompanied by Bonnie Milstein	61
Prepared statement	64
Dennis Popp, executive director, Black Hills Workshop and Training Center, Rapid City, SD, representing the National Association of Private Residential Resources	74
Prepared statement	76
Kathleen L. Rollason, executive director, Calvert Association for Retarded Citizens, Calvert County, MD	85
Prepared statement	87
Bill Mitchell, representing the National Council on Independent Living	91
Prepared statement	93
Donald Gustafson, executive director, Over the Rainbow Association, Evanston, IL	97
Prepared statement	100

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

Statements of:	
The National Council on the Aging and the National Institute of Senior Housing	107
National Association of State Mental Health Program Directors	117
AIDS Action Council	128
National Alliance for the Mentally Ill	147

Page
The National Association of Area Agencies on Aging 155
B'nai B'rith International 158
Paralyzed Veterans of America 166
National Council of Community Mental Health Centers 172
American Association of Homes for the Aging 181

SUPPORTIVE HOUSING NEEDS OF ELDERLY AND DISABLED PERSONS

FRIDAY, JUNE 2, 1989

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–538, Dirksen Senate Office Building, Senator Alan Cranston (chairman of the subcommittee) presiding.

Present: Senators Cranston, Sarbanes, Dixon, Graham, D'Amato, Mack, and Pressler.

Senator CRANSTON. The hearing will please come to order.

Senator Alan Dixon is here to make an introduction and since he has other commitments I will yield to him at the outset.

STATEMENT OF SENATOR DIXON

Senator DIXON. Thank you very much, Mr. Chairman.

Mr. Chairman, we are honored to have some outstanding witnesses on supportive housing with us this morning. I am especially pleased to call to your attention two experts from my own State of Illinois.

On the first panel is Miss Cindi Herrera, deputy director of the LaSalle County Housing Authority in Ottawa, IL. Miss Herrera will address some unique things that they are doing regarding retrofitting of existing housing stock for the elderly so that the stock can accommodate supportive services needed by our frail elderly citizens.

Additionally, Miss Herrera will discuss the unique joint program that the authority has with the local hospital in providing supportive services that are carefully tailored to special needs of elderly tenants.

Mr. Chairman, on the second panel is Mr. Don Gustafson and Mr. Gustafson is executive director of the Over the Rainbow Association in Evanston, an organization of parents who are concerned with the long-term care of their handicapped children. I have personally worked with this association and I'm proud of their newly funded section 202 Hill Aboretum Apartments, a specially equipped housing complex for severely handicapped persons.

Additionally, the apartment complex will accommodate an office where tenants will be able to work and support themselves so that they may become productive citizens.

Mr. Chairman, I feel certain that the subcommittee will profit from the testimony that these and other witnesses will share with us this morning and I thank the chair for permitting me to introduce my friends who are with us before the committee and I ask to be excused to go to the floor, Mr. Chairman.

OPENING STATEMENT OF SENATOR CRANSTON

Senator CRANSTON. Thank you very much, Senator Dixon.

With that endorsement, we will pay very close attention to the two people from Illinois and do everything they suggest.

I want to welcome all of you this morning, the people from Illinois and the people from other States.

Today, we are continuing the Housing Subcommittee's series of hearings on S. 566, the National Affordable Housing Act.

I'm pleased by the strong bipartisan support that the bill is receiving. As of this morning, the bill is cosponsored by 39 Senators, well over one-third of the Senate. We have a very strong majority on the full Banking Committee as sponsors. I expect that a number of other Senators will be adding their names to the list in the days ahead.

The National Affordable Housing Act has emerged from 2 years of careful thought and hard work by a wide range of organizations and individuals throughout the Nation. I believe the bill provides our most promising chance to launch the effective national housing strategy that is so long overdue.

This morning's hearing will primarily address the special housing needs of elderly and disabled individuals.

During the past 2 years, the subcommittee has had intensive discussions with organizations representing the elderly and disabled persons, including many of the organizations present today.

Those discussions developed a strong consensus that housing for elderly and disabled persons must be more than a decent, safe and sanitary structure. It must be supportive housing. That is, it must be housing that accommodates special physical needs of tenants that includes a range of appropriate supportive services.

The National Affordable Housing Act would make supportive housing an important element in a strong national housing policy.

First, the bill would establish the Office of Assistant Secretary for Supportive Housing to bring this badly needed new approach to housing programs that serve elderly, disabled and homeless persons. The new Assistant Secretary for Supportive Housing would help advocate refinements in other HUD programs—public housing, for example—that also serve these populations.

We envision that this new office will be an exciting hot spot within the department that can attract talented people who will develop new ways to link housing and supportive services that can enable elderly and handicapped people to live with dignity and independence.

Second, the bill would expand the supply of supportive housing for elderly and disabled persons. The existing section 202 production program, the program that suffered greatly from heavyhanded interference during the Reagan administration, would be significantly improved. Funding would be provided through a combina-

tion of interest-free advances and project rental assistance. That change will permit a significantly greater number of units to be assisted with a given level of budget authority.

The fair market rent limitation, which has caused many problems for nonprofit sponsors across the Nation, would be replaced with a standard that reflects local construction and acquisition costs.

Future housing would be designed to meet the special physical needs of elderly and disabled persons and accommodate the provision of supportive services.

Virtually all of these refinements were proposed by individuals and organizations who have had extensive first-hand experience with housing for elderly or handicapped people.

The National Affordable Housing Act would also expand the supply of supportive housing for disabled persons by creating a special set-aside of rental credits to help disabled persons become integrated into their communities. These rental credits would be distributed to States and localities that have strategies for providing supportive services to disabled persons. The set-aside would supplement rental assistance that disabled persons now receive from State and local housing authorities.

Finally, the bill will establish a new program called Project Retrofit to enable frail, elderly persons residing in federally assisted housing to live with dignity and independence. HUD funding for a project renovation would be made available if funding for supportive services is already assured.

I think Project Retrofit may offer a model for how Federal housing and service dollars can effectively be leveraged to develop supportive housing. I particularly look forward to your comments on the usefulness of this proposal.

The National Affordable Housing Act contains many other provisions that will improve the housing conditions of elderly and disabled persons. I think this legislation offers a promising framework for a national housing policy that is sensitive to the important needs of elderly and disabled persons. The legislation is now being refined for action by the full Banking Committee before the August recess. I want to make those refinements with your help. I invite each of you to comment on any parts of the bill that are of interest to you.

As you see, we have a very full schedule this morning. I ask each of you to summarize your testimony within 5 minutes so that we will have sufficient time for questions.

Now if our first panel would please come to the table, it's comprised of Cindi Herrera, LaSalle County Housing Authority from Ottawa, IL; Corinne Jochum, North Platte, NE, representing the American Association of Retired Persons; Laverne R. Joseph, CEO, Retirement Housing Foundation, Long Beach, CA—a great State. I'm delighted to hear from that State. Juliet Massey-Duhan, administrator, Jewish Center Tower, Tampa, FL; and Richard H. Bradfield, president of Bradfield Associates, Atlanta, GA.

We welcome you all. Please proceed in whatever order you prefer. But since the list has Miss Herrera first, why don't we start with you.

STATEMENT OF CINDI HERRERA, DEPUTY EXECUTIVE DIRECTOR, HOUSING AUTHORITY FOR LA SALLE COUNTY, IL, REPRESENTING THE NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Miss HERRERA. Thank you.

I am pleased to be here this morning and want to thank you, Mr. Chairman, for the opportunity to address you.

LaSalle County is located approximately 100 miles southwest of the city of Chicago and is the largest rural county in the State of Illinois. This year our housing authority celebrates 50 years of service to the residents of our community.

We currently administer almost 1,500 units of subsidized housing in the county. Of this, over 800 units serve elderly and handicapped individuals.

Our elderly housing is located in 16 different locations in nine different cities and villages and covers a 135-mile radius. Our first project opened in 1948 and our last project was completed in 1982. The largest complex has 175 apartments and the smallest has 8.

Our elderly and handicapped residents range in age from 21 to 100 and their average annual income is $4,200.

I am speaking to you today on behalf of the National Association of Housing and Redevelopment Officials. NAHRO is a 55-year-old professional membership organization of housing and community development officials who administer HUD programs at the local level. Its membership, numbering 8,000 and representing all 50 States, have long participated in the creation and fine-tuning of national housing policy and programs. Our housing authority is a long-time member of NAHRO.

NAHRO was an initiator and strong supporter of the congregate housing services program adopted by Congress in 1978. Experience under the congregate program has demonstrated the value, workability and efficiency of supporting frail elderly or handicapped persons in independent congregate federally assisted housing.

The CHSP program should not be phased out until there is an adequate substitute.

In Illinois, several efforts are currently underway to retrofit independent elderly housing to congregate housing. The first of those is Fornof Manor.

Fornof Manor is located in Streator, IL, a community of 15,000 residents. Fornof Manor was built in 1978 with housing mortgage bonds issued by the Illinois Housing Development Authority. Ownership of the building is a partnership—Streator Elderly Associates—with one general partner and ten limited partners. The general partner is Starved Rock Homes, a not-for-profit subsidiary of the Housing Authority for LaSalle County.

The building is a seven-story hi-rise containing 105 one-bedroom apartments. Rental assistance is provided to residents through the section 8 Housing Assistance Program.

It is managed by the Housing Authority for LaSalle County through a management agreement with the partnership. This is a limited equity project and limits the return on investment to the partners at a maximum of 6 percent each year. Excess cash is placed in reserve accounts, and reserves reach a high of $600,000.

The current tenant population at Fornof Manor consists of 72 percent of the original tenants. The average age of tenants is 78 years, with 38 percent of the tenants in excess of 75 years old. This tenant profile, plus the building's large reserve account, made it a perfect project for conversion from independent living to congregate housing.

A 4,000 square foot addition was designed for Fornof Manor to provide the required space for support services. This included a commercial kitchen, a central dining room, a multipurpose room, an exam room, office space, and maintenance and mechanical rooms. The cost of construction was $671,000. Equipment and supplies are estimated at $60,000 for a total cost of $731,000 to retrofit the building. Construction is scheduled to be completed in August of this year. Extensive time was spent by the housing authority staff on the development of the service package that will be offered at Fornof Manor.

All services will be provided as joint ventures between the housing authority and current service providers. Service agreements have been executed with the local hospital and the elderly nutrition program in our county.

The new addition at Fornof Manor will provide the following services: Two meals per day, adult day care, recreation, socialization and transportation.

The linkage of the housing sector and current service providers is the key to successful congregate housing programs.

We also ask that the current legislation should specifically permit section 8 development to use reserves that they have on hand for the purposes of retrofitting.

Another project which goes beyond congregate housing that we have developed in LaSalle County is an assisted living program.

Assisted living is a housing alternative that offers both short and long-term care, hospital recuperation or respite care for a care provider when a rest is needed. The assisted living program is also a joint venture between the housing authority and the community hospital.

Our assisted living program is located in a conventional public housing project in the city of Ottawa. The Doris Ravlin Center was built as a congregate facility and provides two meals a day to all 100 residents. Assisted living offers additional services such as personal care, 24-hour lifeline, and medical monitoring.

The costs for assisted living range from $560 per month to $810 per month based on the service package required. This is less than one-third the cost of intermediate nursing home care. Unfortunately, current regulations do not allow assisted living programs to be eligible for Medicare or Medicaid reimbursement. Thus, the lowest income elderly still have fewer housing alternatives.

Other efforts underway in Illinois include the Decatur Housing Authority is currently in the process of retrofitting an independent public housing project for the elderly to congregate housing. This is a very high level of retrofit and it is estimated at a cost of over $3 million. This program was funded under the MROP program of HUD.

The Rockford Housing Authority is also converting a public housing elderly project to include an adult day care center. This a minimum level of retrofit at a cost of approximately $1 million.

The Marion County Housing Authority in southern Illinois recently purchased a group of buildings from a private owner and converted it to a 21-unit elderly assisted living program. This was all privately financed at a cost of $200,000, using existing service providers but employing a full-time service coordinator.

As you can see, Mr. Chairman, in Illinois we have become quite aggressive in meeting the needs of our elderly residents who are aging in place. These programs are the result of years of planning and coordinating. It will be extremely difficult, however, to continue these programs without some additional assistance for service coordination. It is also critical that a subsidy mechanism be developed to assist the very low-income elderly so that they too can grow old with dignity and grace.

NAHRO strongly supports the retrofitting of existing federally assisted housing developments for congregate living where the need is clearly demonstrated.

NAHRO supports funding of a service coordinator as an eligible operating cost of federally assisted housing. In the case of public housing, this should be a separate line item for our Federal subsidies.

NAHRO also supports provision under housing assistance of a 15-percent contribution for a renewable 5-year term toward support services to stimulate the balance of support service costs from State and local sources.

We are firmly in support of Project Retrofit, but also feel that it is important that service funds be provided as well.

I'd like to request that additional information be filed for the record—the information I have submitted, plus a memo estimating the cost of retrofitting of housing developments for congregate living, and cost estimates for retrofitting existing federally assisted housing developments and providing a 15-percent contribution term under an authorization of $25 million.

Thank you, Mr. Chairman.

[The complete prepared statement of Cindi Herrera follows:]

TESTIMONY

SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

FRIDAY, JUNE 2, 1989

PRESENTED BY:

Cindi Herrera
Deputy Executive Director
Housing Authority for LaSalle County

Representing

NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

LaSalle County is located approximately 100 miles southwest of Chicago, and is the largest rural county in Illinois. This year, the Housing Authority for LaSalle County celebrates 50 years of service to the residents of our community. We currently administer almost 1500 units of subsidized housing in the county. Of this, over 800 units serve elderly and handicapped individuals.

Our elderly housing is located in 16 different projects, in 9 different cities and villages, covering a 135-mile radius. Our first project opened in 1948, and our last project was completed in 1982. The largest project has 175 apartments, and the smallest has 8 apartments. Our elderly and handicapped residents range in age from 21 to 100, and their average annual income is $4,200.00.

I am speaking to you today on behalf of the National Association of Housing and Redevelopment Officials. NAHRO is a 55-year-old professional membership organization of housing and community development officials who administer HUD programs at the local level. Its membership numbering 8,000, and representing all 50 states, has long participated in the creation and fine tuning of national housing policies and programs. Our Housing Authority is a long-time member of NAHRO.

The Association was an initiator and strong supporter of the Congregate Housing Services Program (CHSP) adopted by Congress in 1978. Experience under the Congregate Housing Services Program (CHSP) has demonstrated the value, workability and efficiency of supporting frail elderly or handicapped persons in independent, congregate federally-assisted housing. Since that year, 31 public housing agencies and 30 Section 202 sponsors have served over 2,200 persons in livable environments conducive to their maximum independence and well being in a demonstration program. Program costs, including rent, have been documented to be about one-third less than the cost of intermediate care in nursing homes: annual savings have been conservatively estimated at from $4,233 to $5,880 per person. Much has been learned about how to administer supportive services in congregate housing, including the targeting of services to those most vulnerable to institutionalization. A summary of CHSP experience is contained in Dignity, Independence and Cost-Effectiveness: The Success of the Congregate Housing Services Program, a report by the Chairman of the Subcommittee on Housing and Consumer Interests of the Select Committee on Aging, U. S. House of Representatives, December, 1987. The CHSP program should not be phased out until there is an adequate substitute.

It is currently estimated that there are 1.52 million elderly households (over 65 years of age) in federally-assisted housing, with over 600,000 of these in public housing. An estimated 365,000 of these total households have some frailty (e.g. inability to carry out tasks of daily living). Some 105,000 of these households are estimated to be "at risk" of being institutionalized at substantially higher costs.

Elderly residents who are aging in place need support services to prevent premature institutionalization. Project Retrofit of the proposed legislation could provide for physical changes to convert federally assisted housing from independent living to congregate housing.

Retrofitting for congregate living my include a range of physical alterations. A minimum level of retrofitting could include the provision of a common kitchen or dining room for meal service; or installation of grab bars, remote shower heads, security signal, etc., in resident apartments. A mid-level of retrofitting would

include the above items, but with more extensive rehabilitation of community space for delivery of support services, and more additions to resident apartments. A high level of retrofitting would be comprehensive rehabilitation of an older existing housing development for congregate living. The level required depends on the condition and adaptability of the existing housing development.

NAHRO supports the retro-fitting of existing assisted housing for congregate use. However, congregate housing for frail elderly or handicapped persons requires support services and program coordination.

Support services for requirements of daily living may include meal service (up to two meals a day), plus non-medical services such as housekeeper/chore, personal care assistance, transportation, and social service coordination. A service program should be responsive to the individual. A fee is charged for each service according to the individual's ability to pay.

The revision in the Section 202 program in the Senate Bill authorizes service coordination as an operating cost. Service coordination should also be authorized for public housing as as separate line item of federal operating assistance. In order to stimulate the matching of support service funding from state or local sources, a 15 percent contribution toward total support service costs should be provided as housing assistance.

The estimated total cost of a Congregate Service Program in Assisted Housing for Frail Elderly persons (including rental housing costs) is estimated at $10,908 per year compared to $15,141 to $16,788 for "intermediate care" in a nursing home, for estimated savings of from $4,233 to $5,880 per year for Congregate Housing. (A conservative estimate of savings by the University of Illinois in 1985 dollars).

In Illinois, several efforts are currently underway to retrofit independent elderly housing to Congregate Housing.

FORNOF MANOR

Fornof Manor is located in Streator, Illinois, a community of 15,000 residents. Fornof Manor was built in 1978 with housing mortgage bonds issued by the Illinois Housing Development Authority. Ownership of the building is a partnership--Streator Elderly Associates--with one general partner and ten limited partners. The general partner is Starved Rock Homes, Inc., a not-for-profit subsidiary of the Housing Authority for LaSalle County.

The building is a seven story hi-rise containing 105 one-bedroom apartments. Occupancy is restricted to persons age 62 or older and handicapped or disabled single persons. Maximum income for eligibility is $12,100 for one person and $13,850 for two people. Rental assistance is provided to residents through the Section 8 Housing Assistance Program.

Fornof Manor is managed by the Housing Authority for LaSalle County through a management agreement with the partnership. This is a limited equity project and limits the return on investment to the partners, at a maximum of 6% each year. Excess cash is placed in reserve accounts, and reserves reach a high of $600,000.00.

The current tenant population at Fornof Manor consists of 72% of the original tenants. Average age of tenants is 78 years, with 38% of the tenants age 75+. This tenant profile, plus the building's large reserve account, made it a perfect project for conversion from independent living to Congregate Housing.

Research done at Fornof Manor indicated the following:

1) Residents strongly desired an alternative to nursing home care;

2) The first preference for alternative living was to remain in their current apartment with support services brought to the building;

3) Fifty percent of current residents were likely to participate in a meal service program;

4) Demand for other support services such as housekeeping and personal care would increase each year.

A 4,000 square foot addition was designed for Fornof Manor to provide the required space for support services. This included a commercial kitchen, a central dining room, a multi-purpose room, an exam room, a sleeping room, office space, restrooms, shower rooms, and maintenance and mechanical rooms. The cost of construction was $671,000. Equipment and supplies are estimated at $60,000, for a total cost of $731,000 to retrofit the building. Construction is scheduled to be completed in August of this year. Extensive time was spent by the Housing Authority staff on the development of the service package that will be offered at Fornof Manors.

All services will be provided as joint ventures between the Housing Authority and current service providers. Service Agreements have been executed with St. Mary's Hospital in Streator, and Neighborly Older Americans, the elderly nutrition program in our county.

The new addition at Fornof Manors will provide the following services: two meals per day, adult day care and recreation, socialization and transportation.

The linkage of the Housing Sector and current service providers is the key to successful congregate housing programs.

ASSISTED LIVING

Another project which goes beyond congregate housing that we have recently developed in LaSalle County is an Assisted Living Program.

Assisted Living is a housing alternative that offers short or long-term care: hospital recuperation, respite care for a care provider when a rest is needed, or at vacation time; or extended care for the elderly person with a physical frailty, but who does not need skilled nursing care. The Assisted Living Program is also a joint venture between the Housing Authority and the Community Hospital of Ottawa.

Our Assisted Living Program is located in a Public Housing project for the elderly in the City of Ottawa. The Doris Ravlin Center was built as a congregate facility and provides two meals a day to all 100 residents. Assisted living offers additional services: personal care, homemaker/housekeeper services, twenty-four hour lifeline, and medical monitoring.

The costs for Assisted Living range from $560 per month to $810 per month based on the service package required, less than one-half the cost of intermediate nursing

home care. Unfortunately, current regulations do not allow Assisted Living Programs to be eligible for Medicare or Medicaid reimbursement. Thus, the lowest income elderly still have fewer housing alternatives.

Other efforts underway in Illinois include the following:

Decatur Housing Authority - currently beginning the conversion of a 120-unit public housing elderly project from independent living to Congregate Housing. High level of retrofit at a total cost of $3,700,000. Funded under the Major Reconstruction of Obsolete Projects (MROP) program.

Rockford Housing Authority - currently beginning conversion of a 14-story public housing elderly project to include an adult day care center. Minimum level of retrofit at a total cost of $1,000,000. Funded under the Comprehensive Improvement Assistance Program (CIAP)

Marion County Housing Authority - purchased a group of buildings from a private owner and converted it to a 21-unit Elderly Assisted Living Program. All privately financed at a total cost of $200,000, using existing service providers in the community, but employing a full-time service coordinator.

As you can see, in Illinois we have become quite aggressive in meeting the needs of our elderly residents who are aging in place. These programs are the result of years of planning and coordinating. It will be extremely difficult to continue these programs without some additional assistance for service coordination. It is also critical that a subsidy mechanism be developed to assist the very low income elderly, so that they too can grow old with dignity and grace.

NAHRO POSITION

NAHRO supports:

1) The retrofitting of existing federally-assisted housing developments for congregate living, where need is demonstrated.

2) Funding of a service coordinator as an eligible operating cost of federally-assisted housing. In the case of public housing, this should be a separate line item for federal operating assistance.

3) Provision under housing assistance of a 15 percent contribution for a renewable 5-year term toward support services to stimulate the balance of support service costs from state and local sources.

REQUEST NAHRO INFORMATION TO BE FILED FOR THE RECORD

A. Memo: Estimated cost of retrofitting of housing developments for congregate living (February, 1989).

B. Memo: Cost estimates for retrofitting existing federally-assisted housing developments, and providing a 15 percent contribution over a 5-year renewable term under an authorization of $25 million (May, 1989).

Senator CRANSTON. Thank you very much.

I want to welcome Senator Graham of Florida here. Do you wish to make any opening remarks?

Senator GRAHAM. Mr. Chairman, I want to congratulate you on holding this and a series of important hearings on housing policy for America.

I have an opening statement which I would like to file for the record.

Senator CRANSTON. Thank you very much. That will appear in the record.

STATEMENT OF SENATOR GRAHAM

Senator GRAHAM. The housing bill introduced by my colleagues represents an important consensus on the scope of our housing needs and on the most effective ways for us to meet those needs. I am happy to be a cosponsor of this important legislation.

The sight of homeless people on our streets is only the tip of an enormous iceberg—the housing crisis in this country encompasses a shortage of affordable housing for those with moderate incomes and a shortage of decent housing for those with low incomes.

In my own rapidly growing State of Florida, we continue to experience these problems:

The growing number of working homeless;

The long waiting lists for public housing units or apartments in federally subsidized housing for the elderly;

The frustration of first time homebuyers with limited incomes searching for affordable homes;

The increasing social problems associated with the poor tenant populations of our Federal and State housing projects.

This bill—based on the recommendations of a blue-ribbon panel comprised of leaders from the housing and development industries—is innovative and practical.

It takes the best of what has worked in U.S. housing policy—from the Rouse-Maxwell Task Force, from State and local governments—and incorporates those ideas to build a new framework in which to structure sufficient affordable housing and address the housing crisis that confronts Florida and the Nation.

Today we address a component of the bill that has a singular significance for Florida—Supportive Housing for the Elderly and Handicapped. With an older population reaching nearly 20 percent of our State's total, Florida has long searched for answers on serving the high concentrations of elderly in the community. Linking housing with services is not a new idea, Congress and the States have for many years been developing and implementing congregate housing services program.

It is important to incorporate this linkage into our current Federal programs to assist those residents, and provide a model for the future. I strongly support this title of the bill. A new position—Assistant Secretary for Supportive Housing will administrate the programs serving the elderly, the handicapped and the homeless.

"Project Retrofit" will build safety features into elderly housing and provide for an improved barrier-free environment.

All these things direct the national attention to improving housing on a broad scale for handicapped and older Americans. That attention is long overdue.

This bill gets us out of the position of handwringing and into the positive state of applying sufficient energy and elbow grease to our housing crisis to begin the process of solving it.

The National Affordable Act will do a lot to reverse our housing crisis and, once again, place decent shelter within the reach of every American, and provide the mechanism for our Nation's senior citizens and handicapped to live independently as long as possible in their own home.

I look forward to hearing from our panel of witnesses today and urge my colleagues to give the National Affordable Housing Act their full support.

Thank you, Senator Cranston.

Senator CRANSTON. Miss Jochum, I do want to call your attention to the lights. It will go yellow when there's 1 minute left and red when your time is up.

STATEMENT OF CORINNE JOCHUM, VOTE COORDINATOR, NEBRASKA, AMERICAN ASSOCIATION OF RETIRED PERSONS

Miss JOCHUM. Mr. Chairman, I'm Corinne Jochum. I'm the vote coordinator for the State of Nebraska for the American Association of Retired Persons. We appreciate the opportunity to testify today on behalf of older Americans on the supportive housing provisions of the National Affordable Housing act.

First, I would like to congratulate you and Senator D'Amato for your bipartisan leadership on housing reform over the past 2 years. With a new administration as well, the stage is set to move ahead toward addressing the Nation's present and future housing needs.

One of the most important achievements of the National Affordable Housing Act is the expansion of the mission of Federal housing policy to address the supportive housing needs of the Nation's older, disabled and homeless citizens. In my remarks today, I will focus on these provisions of the act.

First, AARP strongly supports the establishment of an Office of the Assistant Secretary for Supportive Housing to administer programs coordinating housing and services for older, disabled and homeless people. An assistant secretary is essential, both as an internal advocate at HUD and as a link to social service agencies at the Federal and State levels.

Second, the Association supports reform of the section 202 program of housing for the elderly and handicapped. AARP's goals for section 202 reform may be summarized as follows:

Increase the total number of new units of housing available annually;

Improve the design, quality and marketability of housing produced under the program;

Reduce budget authority required under the current redundant financing structure of section 202/section 8 program;

Encourage the development of larger projects offering greater economies of scale for project operation and service provision;

Enhance the provision of supportive services to frail and elderly tenants;

Use Federal assistance to low income persons to leverage projects serving a greater income range.

The revisions to the section 202 program included in the act go a long way toward meeting these objectives. We encourage the subcommittee explore ways to promote mixed income and mixed use projects while keeping Federal subsidies focused on helping those with very low income.

Third, AARP strongly supports efforts to focus on the needs of frail older persons, embodied in the act in Project Retrofit. This program builds on the considerable success of the Congregate Housing Services Program operated by HUD since its enactment in 1978. The CHSP has demonstrated that service-enriched housing can make a dramatic difference in preventing the unnecessary institutionalization of frail older and disabled persons. Project Retrofit's strength lies in the provision of capital grants to retrofit both common spaces and individual units for frail older residents, a factor lacking under CHSP.

AARP's major concern with Project Retrofit regards the source and stability of funding for supportive services under the program. We hope that the subcommittee will work to find more stable sources of funding either through direct grants from HUD as in CHSP or through companion programs at the Department of Health and Human Services.

Fourth, AARP is pleased that the National Affordable Housing Act sets aside 3000 rental credits for the disabled. We urge the subcommittee to greatly expand this program and to specify that frail older people are eligible to receive these rental credits.

Finally, the Association applauds the creation of the Office of Affordable Housing Preservation as a focal point for coordinating efforts to maintain existing assisted housing. However, we urge the subcommittee to add specific commitments of resources to this section of the legislation as a signal to the Nation's continued commitment to assisting low income renters.

Once again, Mr. Chairman, we congratulate you and Senator D'Amato, your staff and all the others who played a part in putting together the National Affordable Housing Act. This bill is a major accomplishment, establishing the institutional structures needed to address not only today's housing problems but the Nation's future housing problems.

Thank you.

[The complete prepared statement of Corinne Jochum follows:]

AARP

STATEMENT

OF

THE AMERICAN ASSOCIATION OF RETIRED PERSONS

ON

SUPPORTIVE HOUSING FOR THE ELDERLY AND HANDICAPPED

BEFORE THE

SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

Presented by

CORINNE JOCHUM

AARP VOTE COORDINATOR
Nebraska

June 2, 1989

For further information, contact:

Don Redfoot
Federal Affairs Department
(202) 728-4830

Mr. Chairman, I am Corinne Jochum, Nebraska State Vote Coordinator for the American Association of Retired Persons (AARP). We appreciate the opportunity to testify today on behalf of older Americans on the supportive housing provisions of the National Affordable Housing Act.

Before commenting on the substance of this proposed legislation, I would like to make a few comments on the process by which we have arrived at this point. The past two years have been truly remarkable for the bipartisan leadership demonstrated by you and Senator D'Amato and for the receptivity to new ideas by you and your staff. The result has been a tremendous outpouring of new ideas and research from government, academic, industry, and consumer groups. With new leadership coming as well from a change in Administration, the stage has been set to move ahead toward addressing the nation's present and future housing needs.

Because of the long duration of the programs involved, housing policy must, by its very nature, look to future needs of the nation. The overwhelming demographic factor that will confront policy planners for the foreseeable future, not only in housing but also in other social services, is the rapid aging of the American population. The number of older people is projected to increase from 29.2 million or 12.1% of the population in 1986 to 64.6 million or 21.3% of the population in 2030. According to a University of Michigan study, this growth wil translate into a need for an additional 9.6 million units of specialized housing units between the years 1980 and 2000. The private market is, however, projected to produce only 6.8 million units, leaving a shortfall of 2.8 million units. Unfortunately, those who are most likely to be left out by the private market are the oldest, the poorest, and the frailest who have the greatest needs for housing with supportive services.

One of the most important achievements of the National Affordable Housing Act is the expansion of the mission of the nation's housing policy beyond the "bricks and mortar" issues of construction and finance to address the "supportive housing" needs of the nation's older, disabled, and homeless citizens. Federally assisted housing programs have been increasingly targeted to these groups; older residents alone occupy more than 40% of federally assisted housing units.

This targeting has created a demand for new strategies to integrate supportive services and housing, both to promote independent living among residents and to assist project managers who are on the front lines in providing services to frail and disabled residents. According to recent testimony by Dr. Raymond Struyk of the Urban Institute, approximately 150,000 older current residents of federally assisted housing suffer a level of disability that places them at risk of institutionalization. Many more older people in the community could benefit from increased access to supportive housing arrangements.

The emphasis on supportive housing in the National Affordable Housing Act dovetails with recent developments in long-term care policy, for older people as well as for people with physical and mental disabilities. As our nation's long-term care policy makers explore ways to promote independent living through community-based and in-home services, housing policy must play a central role in the provision of long-term care. By moving long-term care services out of institutional settings, housing-based, long-term care approaches have the potential to shift the "home court advantage" to the individual whose independence and dignity are jeopardized by disability.

In the following sections, I will make specific comments on the following provisions of the National Affordable Housing Act:

- The creation of an Office on Supportive Housing to be headed by an Assistant Secretary;
- Reforms to the Section 202 program for the elderly and handicapped;
- Project Retrofit and the integration of housing and services;
- Special rental credits for the disabled; and
- Provisions to preserve existing units of federally assisted housing.

ASSISTANT SECRETARY FOR SUPPORTIVE HOUSING

For older, disabled, and homeless people, having a suitable home is often the key to living an independent and dignified life. As federal housing programs have been increasingly targeted to these groups, it has been increasingly apparent that buildings alone are not adequate to deal with the multiple needs experienced by residents, including low incomes, disabilities, health problems, and drug and alcohol dependencies. HUD's current structure lacks a focal point for the integration of housing policy with social services aimed at promoting the independence of such groups. AARP strongly supports the establishment of an Office of the Assistant Secretary for Supportive Housing to administer programs coordinating housing and services for older, disabled, and homeless people.

An Assistant Secretary for Supportive Housing is essential for three main reasons. First, those in need of supportive housing need an advocate internally at HUD. An Assistant Secretary would give these groups a voice at the highest policy levels in HUD. The Assistant Secretary should also improve the management of specialized programs required to promote independent living.

Secondly, the Assistant Secretary for Supportive Housing would also provide an important link to social service agencies at the federal and state levels. To coordinate the programs envisioned by the National Affordable Housing Act will require working with the Departments of Health and Human Sevices and Agriculture to put together housing and services. HUD needs a representative at the Assistant Secretary level to negotiate with counterparts at these other agencies.

Finally, the addition of an Assistant Secretary for Supportive Housing would in itself be an important public statement about the evolving mission of HUD. The appointment of this Assistant Secretary would clarify the central role of housing in addressing the long-term needs of disabled people of all ages. This office would also be the focal point for efforts to address the national tragedy of homelessness.

SECTION 202 REFORMS

One of the themes of the National Affordable Housing Act is the encouragement of cooperative efforts between federal programs and the nonprofit sector. Historically, the most successful model of such cooperation has been the Section 202 program for the elderly and handicapped. Unfortunately, budget cuts have dramatically reduced the size of the program in recent years. Moreover, counterproductive regulations have been imposed in the name of cost containment that have produced lower quality facilities that are ill-adapted to serving the older and disabled people for which the program is designed.

AARP has commissioned the University of Illinois to conduct a nationwide survey of all Section 202 sites that explores some of the strengths and problems experienced by projects funded by the program. When that study is completed in a few weeks, we will submit the results to you for your use in structuring Section 202 reforms.

AARP's goals for Section 202 reform may be summarized as follows:

- Increase the total number of new units of housing available annually for older and disabled people;
- Improve the design, quality and marketability of rental housing produced under the Section 202 program;
- Reduce budget authority required under the current redundant financing structure of the Section 202/Section 8 program;
- Encourage the development of larger projects offering greater economies of scale for project operation and service provision;

- Enhance the provision of supportive services to frail and disabled tenants; and

- Use federal commitments for assistance to low-income persons to leverage projects serving a greater income range.

AARP is pleased that the revisions to the Section 202 program included in the National Affordable Housing Act go a long way toward meeting the objectives outlined above. The 12,000 units authorized for projects for older persons would restore some of the cuts suffered by the program since the late 1970's, though this level still falls short of the 20,000 units per year goal suggested by the 1980 White House Conference on the Aging.

The Cranston/D'Amato proposals would eliminate the redundant financing of Section 202 by eliminating the link to the Section 8 program. The severing of this link means that budget authority required for the program will more closely approximate the cost of the program rather than making it appear to be roughly twice as expensive as it really is. The Section 8 mechanisms for cost containment would be eliminated in favor of a construction cost index that will more accurately reflect the costs of building the specialized housing needed by residents of Section 202.

Services would be encouraged in Section 202 projects built under this bill both by requirements for special design features to provide congregate spaces and to improve the suitability of individual units. Sponsors would also need to show a commitment to the provision of supportive services "on a consistent, long-term basis." Larger projects would be encouraged by selection criteria that emphasize project size as part of the ability of project sponsors "to manage and operate the project efficiently and ensure that the provision of supportive services will be accomplished in an economical fashion."

Finally, the Association encourages the Subcommittee to provide incentives for incorporating Section 202 funded units as part of larger mixed income and mixed use projects. The Act would allow for the use of Section 202 funds for "a portion of a structure," but the bill includes no changes in HUD regulations that would make mixed income and mixed use projects possible.

The unfortunate lesson of recent years is that as housing facilities have been increasingly restricted to poorer and poorer people, cost containment regulations have become more stringent resulting in poorer and poorer quality housing facilities. Conversely, the experience from state funded projects that promote income integration is that high quality housing can be built to serve low and moderate income people. AARP encourages the Subcommittee to promote mixed income, mixed use projects through the focused use of federal housing subsidies.

PROJECT RETROFIT

The National Affordable Housing Act establishes a new program to focus on the needs of frail older persons, called Project Retrofit. In large part, this program is envisioned as the successor to the Congregate Housing Services Program that has successfully been operated by HUD since its enactment in 1978.

Currently operating at sixty Section 202 and public housing sites nationwide, the CHSP has impressively demonstrated that service-enriched housing can prevent the unnecessary institutionalization of frail older persons. According to data from an independent evaluation, the expected institutionalization rate among residents of facilities for older people was cut nearly in half by the introduction of CHSP services.

Equally impressive were the deinstitutionalizing effects of having CHSP services. At housing sites for older residents, administrators were six times more likely to admit residents from nursing homes when they had CHSP services to offer. At sites for the developmentally disabled, the deinstitutionalization rates are often near 100%. Several states and other nations, such as the United Kingdom and Sweden, have witnessed similar success stories with service-enriched housing.

As the name implies, Project Retrofit's strength lies in the provision of capital grants to retrofit both common spaces in projects and individual units for frail older residents, a factor lacking under the CHSP. AARP also applauds the extension of eligibility to facilities funded under other federal programs serving substantial numbers of older people, including Sections 236, 221(d)3, 221(d)5, and 515.

AARP's major concern with Project Retrofit regards the source and stability of funding for the supportive services component of the program. While we understand the budgetary and jurisdictional restraints that led to proposals to shift responsibility for supportive services commitments to local sponsors, we nonetheless hope that the Subcommittee will work to find more stable sources of funding either through direct grants from HUD as in the CHSP or through companion programs at the Department of Health and Human Services.

RENTAL CREDITS AND DISABLED PEOPLE

AARP is pleased that the National Affordable Housing Act includes a provision setting aside 3000 rental credits for the disabled. As you may recall, the Association suggested a very similar program in a position paper to your Subcommittee nearly two years ago. We strongly support targeting of rental assistance to promote independent living among frail older and disabled persons.

The use of rental credits to assist older people received important research support from a recent study by Abt Associates of program experience under the voucher program. That study found that vouchers were particularly successful for families and individuals who wanted to continue to live where they were. As the study pointed out, the bulk of such families and individuals tended to be older people who wanted to remain in their homes but were experiencing increasing financial difficulty in doing so. Many of these older renters had lost substantial income and savings due to widowhood or illness and were paying a high proportion of their incomes for rent. Under such circumstances, vouchers were successfully allowed these renters to "age in place" with dignity and independence in a home of their choosing.

Supporting older and disabled people who want to continue to live independently in the community is a prime example of how rental credits can build on the best elements of the old voucher and Section 8 certificate programs. These rental credits would be an important tool for case managers who are trying to put together packages of community and home based services for frail older and disabled individuals.

AARP urges the Subcommittee to greatly expand this program and to specify that frail older people are eligible to receive these rental credits. The Association further encourages the Subcommittee to work with other Committees with jurisdiction over home and community based services to promote the expansion of supportive services programs that could be used in conjunction with the special rental credits.

PRESERVATION OF EXISTING ASSISTED HOUSING

AARP is very concerned about the potential impact of the loss of current federally assisted housing stock due to mortgage prepayment, rental assistance contract expiration, and the deterioration or sale of public housing. Older renters are disproportionately represented in each of these housing settings and would be disproportionately affected in the event that tenants are displaced in order to use the low-income housing for other purposes. We have already witnessed the displacement of older residents in some Section 515 projects that prepaid before the current moratorium was imposed.

The Association applauds the Subcommittee for highlighting the need for increasing attention to the enormous problems that could result from the loss of federally assisted housing units. The creation of an Office of Affordable Housing Preservation provides an important focal point for coordinating efforts to maintain existing housing.

As the Subcommittee is well aware, however, the housing preservation measures included in the National Affordable Housing Act are only a first step in addressing this daunting problem.

In general, the Association supports the findings of the National Low-Income Housing Preseervation Commission co-chaired by former HUD Secretary Carla Hills and former Congressman Henry Reuss. Congress must commit additional resources through direct grants, rental assistance commitments, tax credits, or other means in order to keep these projects viable. While the cost is likely to be large, the replacement costs would be much greater. The human costs to those who would be displaced and potentially homeless are incalculable. We urge the Subcommittee to add specific commitments of resources to this section of the legislation as a signal of the nation's continued commitment to assisting low income renters.

CONCLUSION

Once again, Mr. Chairman, we congratulate you, Senator D'Amato, your staffs, and all the others who have played a part in putting together the National Affordable Housing Act. This bill is a major accomplishment after an extraordinary process of sifting through a mass of ideas and research findings. The result is a proposal that establishes the institutional structures needed to address not only today's housing problems but the nation's future housing needs.

We thank you for the opportunity to testify today, and we look forward to working closely with you and other members of Congress in meeting the challenge of providing a "decent home and a suitable living environment for every American family."

Senator CRANSTON. Thank you very much. I appreciate those good words about our efforts. We would like to expand the program. Although we are pinched by money needs, we will do more as rapidly as possible. Dr. Joseph.

STATEMENT OF LAVERNE R. JOSEPH, PRESIDENT AND RETIREMENT HOUSING FOUNDATION, LONG BEACH, ON BEHALF OF THE AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Mr. JOSEPH. Good morning, Mr. Chairman. My name is Laverne Joseph, and I am the chairman and chief executive officer of the Retirement Housing Foundation, a nonprofit development and management company for elderly housing based in Senator Cranston's home State of California.

I am pleased to be here today representing the American Association of Homes for the Aging. The 3,400 member facilities of AAHA thank you for this opportunity to share our views on the key provisions of the National Affordable Housing Act, especially as they relate to nonprofit involvement in elderly housing.

I will specifically address some of the problems with the existing law, illustrate them with some of our personal experiences and suggest ways in which the proposed act offers improvements. I will summarize my testimony, and I will request that the full text be included in the record.

AAHA supports the proposed restructuring of the current section 202/section 8 financing with a more simplified funding mechanism. As you know, since 1974, section 8 rent subsidies are provided for each 202 unit. As a result of the linkage between the two programs, a long-term loan is provided through the 202 program with funds to pay back the loan provided through the section 8 rent subsidy. Not only does this redundant financing mechanism result in double bookkeeping and added expense to the Federal Government, but it has also contributed to excessive restrictions on the development and management of the program.

In recent years, there have also been a series of administrative actions primarily to control costs attributed to the section 8 rent subsidies which have restricted the use of 202 funding. These include:

Restrictions in development costs due to unrealistic fair market rents; and

HUD-imposed cost containment requirements.

As a result of many of these cost containment constraints, an estimated 40,000 units of 202 housing have been unreasonably delayed in the application-processing pipeline. I can point to some of those from our own experience.

For example, the Retirement Housing Foundation pipeline has 23 section 202 projects, some delayed for as long as 4 or 5 years and not yet under construction. In Post Falls, ID, 45 units were turned back last month because of the unreasonable fair market rents. They will not be built.

In Tillamook, OR, 30 units have a shortfall of $150,000 because of the unrealistic fair market rents. The city would like to provide additional funds but really has no funds to contribute.

In effect, what has happened in Oregon and in the entire Pacific Northwest is the redlining of building additional units there because of the unrealistic fair market rents.

In Senator Gramm's State of Texas, three projects—McKinney, Bonham, and Mesquite—all have problems with fair market rents.

In Senator Pressler's neighboring State of North Dakota, we have 46 units proposed for Bismarck with a $172,000 shortfall. It is back in HUD central right now for a decision.

In Senator Riegle's State, we are attempting to build 48 units in Saline, MI. The fire department wants the building to be sprinklered. HUD says no because of cost containment. Therefore, we've got problems which have to be worked out.

I might add, in Senator Graham's State of Florida, we have a Lake Ella Manor, in Tallahassee which also had its problems. Eventually, however, it was built, and now has a substantial waiting list.

Another sponsor in California, the American Baptist Homes of the West has a proposed project in Redlands, San Bernardino, yet the fair market rents again have tied up that $4.5 million project. The city of Redlands has agreed to contribute $1,050,000, and still there is a shortfall, because the development cost is tied to the 1986 fair market rents.

These are not only war stories from the field. These represent housing which is not being provided for our Nation's needy, because it is delayed in the pipeline. These are examples of the types of problems in the development and management of existing 202/section 8 programs which have resulted in fewer applications by sponsors, increased costs to manage and less desirable living environments for older persons.

Because of the problems with the current programs, this year the Retirement Housing Foundation is submitting fewer applications for new projects than it has in any year in the past 10 years.

Senator Cranston, when you spoke to the Long Beach Chamber of Commerce, you were practically next door to our corporate office. If you were to have walked into our corporate office, you would see in our hallways a history of the subsidized housing program and what has happened. The projects of the sixties and seventies and even early eighties are pictured there on those walls. Those early projects are larger, they are built of better materials, and they have substantial community space to be used for building an environment which will enhance the quality of life for the whole person. However, the new projects are smaller, they are less economical to manage, they have very little community space, and they are also built of much lesser quality materials. Our picture gallery shows what has happened in recent years to the section 202 program.

AAHA believes that the current legislation which you are proposing offers an opportunity for substantial improvement.

There are many other items that I had prepared to speak about this morning. Because of time contraints, let me just address a couple of them.

We support the establishment within HUD of an Assistant Secretary for Supportive Housing, who shall have the power and respon-

sibility to administer discrete programs tailored to the elderly, handicapped and homeless.

We strongly support the use of social service coordinators for supportive housing facilities and recommend that they be financed through the project's operating budget as part of the project management team.

We recommend that existing 202 projects and those still in the HUD pipeline be given the option to amend their contracts to incorporate reforms provided in the National Affordable Housing Act.

We support the concept of flexibility provided in the proposed Housing Opportunity Program; however, we would recommend increased funding levels and recommend that at least 25 percent of funds be provided to nonprofit organizations.

In closing, AAHA is pleased that the bill recognizes the important role of nonprofits in providing suitable and affordable housing. Nonprofit sponsors have demonstrated through the years a commitment and a capacity for developing and operating quality affordable housing for older residents.

For nonprofit sponsors, the bottom line is the quality of care for our residents. There certainly is a need. One project which I developed in collaboration with another organization in Downers Grove, a community near Chicago, opened in 1981 with 150 units. It's a large, very nice project, completely filled and now has a waiting list of 400 persons within 1 year. Most will never get in it, because people only leave because of illness or death.

There is a need. Nonprofits are ready to respond. And we thank you for this opportunity for sharing our views.

[The complete prepared statement of Laverne R. Joseph follows:]

TESTIMONY OF LAVERNE R. JOSEPH

REPRESENTING THE

AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Good morning, Mr. Chairman and members of the Housing and Urban Affairs Subcommittee. My name is Laverne Joseph. I am an ordained clergyman in the United Church of Christ and serve as the President and Chief Executive of the Retirement Housing Foundation (RHF), a not-for-profit development and management company for elderly housing based in Long Beach, California. RHF sponsors and manages nearly 100 projects for seniors in 22 states and Puerto Rico. I am pleased to be here today representing the American Association of Homes for the Aging (AAHA).

AAHA is a national association representing over 3,400 nonprofit facilities providing housing, health care and community services to more than a half million older persons daily. Seventy-five percent of AAHA homes are affiliated with religious organizations, while the remaining are sponsored by private foundations, fraternal organizations, government agencies, unions and community groups.

AAHA is pleased to share our views on the proposed National Affordable Housing Act. As you know, a few months ago AAHA testified in support of the earlier concept paper outlining the major themes and provisions of this proposed landmark piece of legislation. At that time, we summarized some of the special housing needs of the elderly, including the need for supportive services to enable older residents, particularly those "at risk" frail elderly, to live more independently. We commended the committee, especially Senators Cranston and D'Amato, for your vision and bipartisan leadership in forging a comprehensive reform of federal housing policies to address our nation's housing needs into the next century.

Today, I would like to focus my comments on the key provisions of S.565, the National Affordable Housing Act, that relate to nonprofit involvement in elderly housing. I will specifically address some of the problems with existing law and suggest ways in which the proposed act offers improvements. In addition, I will address the needs and techniques for linking supportive services with housing. AAHA essentially supports this bill, and believes that it offers a number of significant improvements over existing policies. There are, however, a few provisions which we believe still need to be modified in the bill if we are to provide suitable and affordable housing options for older Americans.

Reform of Section 202 Financing

AAHA essentially supports the proposed restructuring of the current Section 202/8 financing with a more simplified funding mechanism as outlined in the bill. As you know, under the present system, a 40-year loan is provided to nonprofits to construct or rehabilitate safe and affordable housing for the elderly and handicapped. Since 1974, when the Section 202 program was reestablished, Section 8 rent subsidies were provided for each Section 202 unit. As a result of the linkage between these two programs, a long-term loan is provided through the Section 202 program with funds to pay back the loan provided through the Section 8 rent subsidy. Not only does this redundant financing mechanism result in double bookkeeping and added expense to the federal government, but it has also contributed to excessive restrictions on the development and management of the programs.

With increasing housing costs, and growing concern over the budget deficit, the federal government has reduced the number of Section 202 units financed and instituted a number of administrative actions to contain costs. While the Section 202 program is a loan program to the federal government, the accompanying 20-year obligation of the Section 8 rent subsidy requires extensive budget authority. In 1988, the average Section 202 loan was approximately $50,000 per unit, which ultimately is returned to the Treasury,

while the Section 8 rent subsidy with its targeting requirements and a 20-year commitment requires nearly the same amount in additional budget authority.

During the history of the program, there has been a steady increase in the number of Section 202 units built reflecting the increasing numbers of older persons. However, since the late 1970s, when over 20,000 units were funded annually there has been a steady decline. In FY89, less than 10,000 units were funded. As a result of these cuts coupled with increased demand, there are currently over a quarter million older people on Section 202 waiting lists. With most Section 202/8 projects experiencing only a 20% turnover per year, many older persons must face several years on waiting lists. Recent HUD actions imposing new preference rules on waiting lists have further restricted access to Section 202 housing. As a result, many "near-poor" elderly (those with incomes above the eligibility guidelines, yet unable to afford market rate housing) are being squeezed out of affordable housing.

Cost Containment

In addition to reductions in federal funds, there has also been a series of other administrative actions which have restricted the use of Section 202 funding. Many of these actions were established primarily to control costs attributed to the Section 8 rent subsidies. These includ:

- restrictions in development costs due to unrealistic fair market rents;
- delays in HUD's application processing pipeline; and
- HUD imposed cost containment requirements.

The Section 8 rental assistance program provides a direct payment to the owner for the difference between the rent paid by the tenant (currently 30 percent of the tenant's income) and the FMR. To contain costs, the maximum allowable rent was established at 110 percent of the HUD determined local FMR, although HUD central office routinely granted adjustments up to 120 percent. In recent years, however, HUD has been limiting the adjustments to 105 percent for FMRs.

While the Section 202 is supposed to provide for a 100 percent replacement cost mortgage, sponsors are limited in the mortgages they seek by the rents they will receive. Therefore, the allowable rent set through HUD determined FMRs is, in effect, a cost containment measure.

Recent HUD restrictions on FMRs have resulted in a number of Section 202 projects in various parts of the country not being financially feasible. In fact, according to research by the Conroy and McIver Group (a consulting firm specializing in Section 202 development) in 66 of the country's 363 established FMR rent areas, it is virtually impossible to build a Section 202 facility without compromising underwriting criteria or without a significant contribution from the sponsor or locality.

As a result of many of these cost containment constraints, a number of applications have been unreasonably delayed in the application process pipeline. Of the estimated 40,000 units in the HUD pipeline, many have been stalled for several years. These delays are usually the result of an unrealistic HUD-imposed FMR, or other cost containment requirements.

For example, in California, a church-sponsored facility (in Redland/San Bernardino) is stalled in HUD's pipeline because the FMRs are unrealistically low and generate insufficient rents to make the project financially feasible. For this project, the local government has contributed over a million dollars to the $4.5 million total; yet, the project cannot be built without further adjustments in the FMR. One remedy for this situation would be to adjust the FMR to reflect marked changes from the time of the submission of the proposal (1986) to 1988, perhaps more realistic would be to the time of actual construction or occupancy. Yet, HUD has been reluctant to make these needed FMR adjustments to expedite development (see attachments). A better remedy would be to have the construction budget based on the area average per square foot cost of construction and calculate the rents necessary to retire the mortgage and operate the building.

In 1981 and 1983, HUD issued a series of cost containment requirements which also adversely affected the development and management of Section 202 projects. Two of the more difficult cost containment provisions are: 1) the requirement that at least 25 percent of the units be efficiencies, and 2) the requirement that no more than 5 percent of the project's total space be used for community spaces.

The provision requiring that 25 percent of units be efficiencies is particularly difficult because in many areas of the country these units are simply unmarketable and therefore remain vacant. In addition to such factors as small size (limited to 415 square feet compared to 540 square feet for a one bedroom), lack of privacy, and local marketing conditions, the most critical factor in marketing is the rent structure. Since Section 8 rents are based on the tenant's ability to pay (30 percent of income), rental costs for an efficiency are exactly the same as those for a one bedroom. In some cases, the cost to a resident to live in an efficiency is actually higher than a one-bedroom apartment when the utilities allowance is taken into consideration. Is it any wonder that efficiencies are more difficult to market? Yet these vacancies, often the direct result of HUD imposed conditions, are also used as justification for further funding cuts.

Another major restriction imposed by cost containment is the limitation of 5 percent of the project's total square footage for community space. The use of community space for lounges, dining areas and community rooms is critically important for older people in facilitating their independence. Such space contributes to the overall living environment and enhances the quality of life. This is particularly essential in promoting both formal and informal support systems for the more frail and "at risk" (of institutional care) elderly residents. The use of this space may also be important for community agencies in facilitating the provision of necessary support services as residents "age in place." Without adequate space, the sponsor's ability to promote independent living for older residents may be severely limited.

Some of the current cost containment policies while resulting in short-term savings, may have long term financial implications. For example, increased replacement costs may be needed to maintain the facility as cheaper materials begin to deteriorate. Additionally, HUD has restricted the use of elevators in some buildings and even sprinklers under the guise of cost containment. Since both sprinklers and an elevator are or will be necessary for elderly housing projects, it is likely that each will be added at a later date; and therefore, probably at a higher cost. These are the types of the problems in the development and management of the existing Section 202/8 program which have resulted in fewer applications by sponsors, increased costs, and less desirable living environments for older persons.

Endorsement of Proposed Section 202 Reform

AAHA believes that the proposed capital advance with project subsidy to replace the current Section 202/8 program will result in better projects, serve increased numbers of older persons and, require less federal budget authority by leveraging the Section 202 project funds for other public and private sector financing.

AAHA believes that the capital advance to nonprofit sponsors for 100 percent of a project's development costs and the replacement of the current Section 8 rent subsidy with a project rental subsidy is a much needed reform of the Section 202 program. We particularly support the mechanism outlined in the bill for calculating development costs based on actual costs rather than the present fair market rent system. As previously cited, this proposed change would result in a significant improvement over HUD's current system of micro-management.

There are, however, two important changes in the proposed bill that AAHA would recommend. We strongly believe that better projects will be developed through mixed-income and mixed-funding. AAHA believes that mixed-income facilities are financially and socially better not only for the residents, but also for the

sponsors and managers, the community, and the federal government. While the bill recognizes and encourages mixed-income facilities in a number of other programs, including the new Housing Opportunity Program (HOP), it continues the tight targeting restrictions for the proposed, revised Section 202 program. AAHA recommends that projects be required to meet an average targeting of 50 percent of area median income. This would allow projects to rent to other low income persons (those between 50% and 80% of area median income), as long as the income average for the project was at or below 50 percent of area median.

Leverage Other Public/Private Resources

AAHA strongly supports the provisions in the bill (Section 511,h,5) to use funds from other sources for amenities and appropriate design features and construction. We recognize that this provision may be an option for some sponsors to use the targeted Section 202 funds to leverage other resources to develop mixed-income facilities. However, we believe that there is a need for additional clarifying language to ensure that the targeted Section 202 funds can maximize leveraging of other resources for the construction/ acquisition of affordable housing units for low and moderate income older persons. It would indeed be ironic, if not tragic, if many of the low and moderate income persons who are currently ineligible for federally assisted housing and who cannot afford market rate housing, would be denied benefits from the proposed National Affordable Housing Act.

We would recommend that the phrase "non-Federal" sources (p. 123, line 19) be replaced with "other public and private sources." We are concerned that strict interpretation of the bill's present language might deny a local community the opportunity to use its Community Development Block Grant (CDBG) funds for such activities as site improvements or matching funds; or to use the proposed HOP funds for interest reduction or debt service; as well as such needed leverages as federal mortgage insurance or tax-exempt financing to ensure funding from other sources for the development of the balance of project. Under this approach there will be greater opportunity to use less federal funding to

expand the number of older persons participating in federal assisted housing while continuing to serve the same numbers of very low income.

Finally, AAHA recommends that Section 202 funds be used for demonstration projects of other innovative financing mechanisms for nonprofit sponsored elderly housing projects, such as development of mixed-use facilities, including cooperatives; tax-exempt financing, interest subsidies, and other approaches to leverage the targeted Section 202 funds to develop mixed-income facilities. We would also recommend that sponsors have the option with these demonstration projects to continue to use 5 or 20 year Section 8 rent subsidies in combination with the Section 202 funds.

Rent Subsidies

AAHA supports the provision of the project rental assistance and tenant rent contribution, as outlined in the bill. However, AAHA does have concerns regarding the term of contract for the project rental assistance being limited to 20 years while the sponsor's obligation to rent the units for very low income is 40 years. While AAHA can appreciate budgetary considerations regarding long-term budget authority and the terms of the rent assistance, there is a need for continued rental assistance beyond the initial 20 years. We would recommend that language be added to p. 117, line 25, to provide that "if funds for rental assistance are not available, the Secretary shall take appropriate actions to provide an equitable adjustment to the sponsors to ensure the continuation of affordable housing for older tenants."

We would also recommend that, in addition to a tenant's income, there be some flexibility in calculating rents for specific units. For instance, in certain market areas, it may be difficult to rent HUD required efficiencies. Therefore, flexibility is needed to enable the sponsor to reduce the rent (within a certain range), such as charging 25% of tenant income rather than 30% for efficiencies thus making efficiencies more competitive with higher priced one-bedroom units. Likewise, it may be desirable (project option) to adjust

rent based upon amenities of the housing unit.

Similarly, there is a need for sponsors to have more flexibility in calculating rents and/or eligibility for special or unusual situations. For instance, under current HUD requirements two sisters are prohibited, based on their combined household income, from sharing a two-bedroom unit where they would be able to provide each other needed informal support. Yet, under current HUD policies, they would individually be eligible for their own one bedroom apartment, but would not be able to share a two bedroom unit--a more expensive and less desirable option.

Expiring Rent Subsidies

It is our understanding that a separate piece of legislation will be introduced to address the present concern over expiring Section 8 rent subsidy contracts. Since the elderly represent a significant proportion of these expiring contracts, including many in Section 202 and other nonprofit sponsored elderly housing, AAHA is very concerned that there be continuity in funding. We would urge at a minimum, a straight forward 5-year project based extension of existing contracts until an alternative program is developed.

Furthermore, we would urge as part of this housing reform legislation that an option be provided to Section 202 sponsors to "opt out" of their present Section 8 contract through a forgiveness of their existing 202 mortgage (similar to the proposed capital advance). This approach may prove more cost effective to both the federal government and to the nonprofit sponsors since the only subsidy required would be for operations. The property would of course be maintained for low and moderate income older persons, as the mission of most nonprofit sponsors would require.

Linkage of Housing with Supportive Services

AAHA strongly supports the recognition in the bill that elderly, handicapped,

homeless and other persons with special needs require supportive services with their housing. For too long, federal policies have separated federal resources and administrative systems for housing from those for support services. The Department of Housing and Urban Development (HUD) has been a "brick and mortar" agency, and the Department of Health and Human Services (DHHS) has not been effectively involved in housing programs. This has resulted in a fragmented, inefficient and costly system. AAHA supports the establishment within HUD of an Assistant Secretary for Supportive Housing who shall have the power and responsibility to administer discrete programs tailored to the elderly, handicapped and homeless.

In addition to the specific responsibility for administering those HUD programs that serve the elderly, AAHA recommends that the proposed Assistant Secretary for Supportive Housing be involved with the administration of other Department programs which serve the elderly. For instance, while public housing is designed predominantly as family housing, nearly half (46%) of all public housing residents are elderly. Therefore, the Office of Supportive Housing should be involved with the administration of those projects with heavy concentrations of older residents. We believe that the Assistant Secretary should serve as a visible focal point within the federal government for advocacy and leadership in coordinating federal efforts to meet the special housing needs of the elderly.

Because of the need to effectively coordinate federal assisted housing with supportive services administered by other federal agencies, AAHA would further recommend the establishment of an Interdepartmental Coordinating Council for Elderly Housing. This proposed council would include key representatives from federal departments and agencies involved with housing and supportive services for the elderly, including HUD and DHHS, the Health Care Financing Agency (HCFA), the Office of Human Development Services (OHDS) and the Administration on Aging (AoA), as well as the Department of Transportation (DOT), ACTION, Department of Labor (DOL), Department of Agriculture (USDA) and others. The Council, co-chaired by the Secretaries of HUD and DHHS, or their designees,

would meet at least quarterly, and would make an annual report to Congress on their efforts to effectively coordinate housing and supportive services for the elderly.

Linking supportive services with existing housing has presented a serious challenge for many elderly housing sponsors. One of the principal difficulties in this regard has been the various funding and administrative systems established by federal programs, particularly programs funded by HUD and DHHS. In addition to different eligibility factors, each have their own separate and parallel administrative systems. HUD programs are usually administered through 51 field and 10 regional offices, while DHHS are usually state administered, often with discrete state regulations.

An additional rationale for linking housing and services is to offset the high cost of institutional based long-term care. Such an approach can provide a powerful financial incentive for the development of alternative services which allow older people to remain in lower cost housing. The cost to the federal government of nursing home care in 1986 was nearly $18 billion. Escalating costs and critical shortages of nursing home beds in many sections of the country have created additional pressure to initiate innovative alternatives to institutional long-term care.

Though nursing homes provide an important service, most experts recognize that institution-based solutions to long-term care problems are often over-utilized because alternative housing options are unavailable. It is estimated that 20 to 30 percent of the 1.5 million residents in long-term care facilities could live in a less restrictive environment, if necessary supportive services were available.

One of the more successful national programs to link supportive services with elderly and handicapped housing is the Congregate Housing Services Program (CHSP). While it has been documented that there are financial savings and other benefits associated with this program, CHSP has not been able to expand

beyond the initial 63 projects. CHSP provides meals, and other non-medical, in-home services to frail residents of federally assisted housing in an attempt to prevent unnecessary institutionalization, and to improve their quality of life. The results of an independent aluation found that the rate of institutionalization can be cut almost in half by the introduction of CHSP services. The CHSP has also made it possible to deinstitutionalize many nursing home residents, since administrators at sites with CHSP services were six times more likely to admit nursing home residents as those who did not have such services to offer. AAHA is pleased that the bill extends the existing CHSP program for three years, however, we believe that this program should be significantly expanded beyond its present $10 million authorization ($5.4 million appropriations in FY89) to $50 million, in order to expand the number of older persons and projects participating in the program.

Need for Supportive Services Coordinator

Two of the key features of the CHSP program are the successful use of a supportive service coordinator and a Professional Assessment Committee (PAC). AAHA is pleased that the proposed National Affordable Housing Act recognizes their importance and provides for each in the bill. AAHA agrees with the basic responsibilities and qualifications of the supportive service coordinator as outlined in the bill. We would recommend, however, that the position of the coordinator be included as part of the project's management team, and that the financing be the same as with other management staff (i.e., as part of the project operating budget). We would also suggest flexibility in the staffing pattern, based upon the size and other factors of the project. For example, projects may want to utilize either a full or part-time staff, or consider to shared staff with other facilities, community agencies, or volunteers.

Despite the clear evidence of the benefits of a social service coordinator, HUD usually does not permit the funding of this position. For example, last year the HUD field office in California disallowed a group of five church sponsored facilities to share the cost of a resident services coordinator. It was the

project's intent that the service coordinator would assess their aging residents' needs (half are in their mid-80s), and serve as a broker for securing needed community services to enable them to remain in their own home.

The type and level of support services may vary from project to project depending on factors as the size and available space in the building, characteristics of the residents, service availability in the community, and the objectives of the project sponsor. In some elderly housing projects the services offered may be very limited, promoting a more independent life-style. While in others, the support services may be extensive, responding to the special needs of more frail older persons.

While older residents may be active and independent at the time of moving into a facility, as they age there will generally be a gradual need for additional support services to assist them in remaining independent. Therefore, flexibility is needed to adjust services to reflect the changing needs of residents as they, "age in place." The needs of the resident who entered the facility at age 62 are far different than their needs twenty and even thirty years later. Similarly, the average age of the facility's resident changes over time. The University of Illinois at Urbana-Champaign has documented that the average age of a Section 202 resident in 1988 was 73.7 years, a 3.2 year increase since 1983. The study also revealed that only 6.5% of all Section 202 projects are currently providing congregate housing services.

AAHA supports the provisions in the bill for project retrofit. The need to adapt existing senior housing projects to accommodate support services has become increasingly evident. AAHA would urge that project sponsors be provided with necessary flexibility to use these retrofit resources to meet their resident's needs. Some projects will need to make physical changes in the structure of individual units, such as grab bars or monitoring devices, and some facilities may choose to expand community space to facilitate supportive services for the well elderly. Other facilities may opt to make modifications and/or construct a special section to accommodate a more frail older person in

"assisted housing" with intensive services just short of services provided in nursing homes.

AAHA supports the approach outlined in the bill that HUD finance the physical structure modifications, and that the services (except a transitional start-up grant) be funded by other public and private sources. AAHA would recommend that the primary funding source for the operations of the assisted housing units be provided through a combination of state and federal resources including; Medicaid, SSI, and Social Services Block Grants. The "assisted living" facilities could be built as a part of the housing project or adjacent to an existing senior housing project. A resident of the supportive housing facility would then be able to transfer to "assisted living" without leaving his/her "campus".

For the well elderly, the existing senior housing project may need to expand community space in order to establish or expand a meal program or provide other supportive services. In addition to wellness programs and promoting informal support systems, a facility may chose to provide space to facilitate an adult day care program for more frail residents, as well as community residents.

Other Considerations

AAHA would like to offer a few additional considerations to these specific comments on the bill. These include:

- Use of volunteers - AAHA would urge that incentives be provided for use of volunteers (particularly residents) in the operation of the facility, as well as to employ residents of the facility to provide services. In this regard, AAHA would recommend that the word "use" be substituted for "employ" on page 138, line 6; and insert "education and training to promote independent living" on page 141, line 21 (before the word "transportation). AAHA would also recommend that the HUD Secretary sign cooperative agreements with ACTION, DOL, and AoA to promote use of older volunteers and

workers. AAHA would urge that necessary education and training be provided to these older volunteers.

- Pipeline - AAHA would recommend that consideration be given to enable exist ~g 202 projects and those still in the "HUD pipeline" (sponsor's applications which have not yet been developed), the option to amend their contracts to incorporate reforms provided in the National Affordable Housing Act. AAHA would recommend that the section 511(c)(1) on page 128, lines 17 through 22, be eliminated; and the words "may at option of the sponsor" be substituted for "shall continue to" on page 129, line 1.

- Social Services Fees - AAHA supports the use of social services fees outlined in the bill to generate funds to finance supportive services. In addition to these resident contributions, AAHA would recommend options for sponsors to establish Social Services Foundations for each project or sponsoring organization as a method of attracting donations and contributions from residents, their family, and the general community to help subsidize the costs of supportive services.

- Housing Opportunity Program - AAHA supports the concept and flexibility provided in the proposed Housing Opportunity Program (HOP). We would, however, recommend an increased funding level and recommend that at least 25 percent of funds be provided to nonprofit organizations. We would also urge that nonprofit sponsored supportive housing for the elderly be cited as a priority concern, and that funds be allowed for use in combination with the proposed revised Section 202 program.

- Tax Exempt Financing - AAHA endorses the use of federal tax policies as an incentive to build public-private collaborative efforts for long term commitments of affordable housing for low and moderate income elderly. However, there needs to be a recognition that many communities may require additional resources, such as rent subsidies, in order to develop feasible projects and meet targeting requirements. AAHA recognizes that this issue

will be addressed primarily by the Finance Committee; however, we would urge that the subcommittee develop language which recognizes this need to ensure the financial feasibility of affordable housing in certain high cost housing market areas of the country.

AAHA is pleased that the bill recognizes the significant role of nonprofits in providing suitable and affordable housing. Nonprofit sponsors have demonstrated through the years a commitment and capacity for developing and operating quality affordable housing for older residents. With strong community involvement and long standing community ties, AAHA's nonprofit members are committed to serve the whole person. These programs recognize that the physical, social, emotional, and spiritual needs of their residents are all inclusive in the need for shelter. For nonprofit sponsors the bottom line is the quality of life care for our residents.

In summary, AAHA supports the proposed reform of federal housing policies as outlined in the bill, including the provisions for supportive housing for the elderly. The following points are a summary of our recommendations on the legislation:

- AAHA believes that mixed-income projects are financially and socially more beneficial for older persons, sponsors and federal government; and therefore recommends that the Section 202 funds be eligible for low income older persons; and that these funds be used--where necessary--as a leverage for other public and private resources for the development of mixed-income facilities, including use of Section 202 funds for demonstration projects with innovative funding mechanism;

- AAHA recommends that there be flexibility in calculating rents for efficiencies (25% of income) to reflect local marketing conditions; and that a minimum 5 years extension be provided for the current Section 8 rent subsidy to ensure that there is no gap in expiring contracts until proposed reform of the existing Section 202/8 program are enacted; AAHA

would also recommend that sponsors have the option to "opt out" of their existing Section 202/8 contract to participate in the revised Section 202/project subsidy program;

- AAHA strongly supports the supportive housing program for the elderly, handicapped and other special populations, including the establishment of a HUD Assistant Secretary for Supportive Housing whose responsibility would also include the administration of HUD programs with high participation of older persons, and would recommend the establishment of an Interdepartmental Coordinating Council on Elderly Housing to facilitate coordination of the various federal supportive services programs with housing, including interdepartmental cooperative agreements regarding the use of older volunteers and workers in facilities;

- AAHA support the Congregate Housing Services Program (CHSP) as a model for supportive housing and would recommend an authorization of at least $50 million to enable additional existing Section 202 projects to participate in the program;

- AAHA strongly supports to use of social services coordinators for supportive housing facilities, and recommends that they be financed as part of the project management team, i.e., through the project operating budget;

- AAHA supports project retrofit to enable existing projects to make physical modifications to individual units and common areas, as well as to develop additional sections/wings or adjacent building to facilitate supportive services programs and would recommend that sponsors have flexibility to develop facilities benefiting well or frail elderly; and

- AAHA supports the Housing Opportunity Program as a means of providing flexibility for local communities in developing affordable housing for low and moderate income older persons, and would recommend that HOP funds

could be used in conjunction with Section 202 funds, and that 25% of funds be reserved for nonprofit organizations.

AAHA stands ready to work with you and the subcommittee in bringing about these needed reforms in developing affordable supportive housing for our increasing numbers of older Americans. Thank you for this opportunity to share our views with the subcommittee.

Senator CRANSTON. Thank you very much. Ms. Massey-Duhan.

STATEMENT OF JULIET MASSEY-DUHAN, ADMINISTRATOR, JEWISH CENTER TOWER, TAMPA, FL, ACCOMPANIED BY ESTHER PIPER, TENANT

Ms. MASSEY-DUHAN. Thank you, Mr. Chairman, and Senator Graham. My name is Juliet Massey-Duhan. I am the housing administrator for Tampa Jewish Federation. I sincerely appreciate your invitation, Senator Cranston, to express my comments, particularly to the supportive housing elements of the Cranston-D'Amato National Affordable Housing Act. I applaud you gentleman for proposing this vital legislation, and our own Senator Graham for cosponsoring this direly needed, long-awaited initiative.

I am now in my 15th year of managing HUD retirement housing. I administer a HUD 236, Jewish Center Towers, a loan management set-aside; and a 202/section 8, new construction Mary Walker Apartments. During these 15 years I have seen progressive and alarming changes in my senior populations. Several years ago we were already at a point where support services for the more frail residents were absolutely essential to their maintaining independence. Despite the struggle, I am really proud of how we have succeeded in providing our elders and handicapped a vehicle for a dignified quality of life. The HUD dollars directed so efficiently have been fulfilling the goal of appropriate and affordable housing, beautifully; however, the personal care, a lifeline for the frail, has been catch-as-catch-can.

Things are slipping. It is getting away from us now. The term "aging in place" is a phenomenon that we visualize daily. We have done so well and our residents have flourished proudly in our caring facilities. The success story repeats itself over and over in HUD communities for the elderly throughout our land.

Up until now, few of our residents have needed to complete their lives in nursing homes, costly to the Government and especially costly to the human spirit of independence. Enriched by a creative environment, most of our low income seniors and handicapped, relieved of some financial stress through tenant-based subsidies, are leading good, active lives in a vibrant independent level. But things really are slipping.

Let me give you a quick profile of our communities. Our residents annual income at Mary Walker is $6,800 and at Jewish Towers, it is $7,050. Excluding those individuals who are opting for HMO's or qualifying for Medicaid, and they can only qualify for that if they are on a minimum subsistence level, the average out-of-pocket medical expense is a whopping $1,750 annually. After paying the doctor, our residents have less than $5,200 per year expendable income. That is approximately 120 percent of the poverty level in our county. We really are housing the poor.

At Jewish Towers, the average age is 80. Of our 210 residents, 90 are over the age of 80, and an amazing 10 percent of our residency is over 90 years of age. We are housing the old.

Even more astounding, in any given year, 98 percent of our residents are living out their lives at this independent level right there.

Subsidized personal care communities are only available to a few and only those on minimum standard, and those facilities are so ill-funded that they are, I am afraid, consequently compromised. I guess we have done so very well out of sheer desperation. Most residents, though frail, would be inappropriately deprived of independence in a nursing home. There is no acceptable and affordable next level of care available. With no adequate staffing, no physical adaptations of the individual apartment units and no personal care dollars, we have struggled and literally fought every inch of our way to keep our residents independent.

We have pieced together what we can of community services. I, for one, have an intimate working relationship with our area agency on aging, and have served as its council president. I have accessed all I can from Older Americans Act programs, from our State's Community Care for the Elderly—and thank you, Mr. Graham, for what you did for that as our Governor—and from other services in the area. I have 30 community volunteers who have devoted years to serving at our front desk and to visiting our elderly. But most community programs have an over 2-year waiting list.

The safety net has given way and our frail residents are falling through.

Visualize our staffing, if you will. Most communities have a small maintenance staff and only one office worker for every 60 to 100 residents. None of these office workers are social service workers. They are managers, bookkeepers and secretaries, and we are deluged in HUD paperwork. At night, there is only one person on staff to oversee the security of the entire residency.

I brought with me today this red book, which I can't pick up very well, but I think it speaks louder than words. This is only a partial history of the emergency calls at my smaller facility, when there is only one person there to serve an entire population. And these are often matters of life or death.

There is just not the wherewithal to accomplish the task until now. Project Retrofit will enable us to retrofit the units and common areas to meet the special needs of our frail elderly. We can use our space in the best possible way to foster independence.

Two recommendations, very quickly. Please provide within the language of the law for a social service coordinator for the frail to adequately administer those programs and also a social service coordinator for the more well elderly to keep them at that independent level.

My other recommendation I will leave in the record for lack of time.

In closing, I just want to tell you that I have brought one of my wonderful residents from Jewish Towers with me today, and I think she expresses beautifully the dynamics of what an elderly person with a little bit of support can still do.

Thank you for your time, gentlemen, and your efforts.

[The complete prepared statement of Juliet Massey-Duhan follows:]

February 16, 1989

RE: Preference in the Provision of Housing for Families Who Are Occupying Substandard Housing, Involuntarily Displaced or Paying More Than 50% of Family Income for Rent, (July, 1988 - HUD).

Impact Upon Senior Housing - Report from the Field, submitted by Juliet Massey-Duhan, Administrator, Jewish Towers (HUD 236) and Mary Walker Apartments (202/8).

Approximately half a year has passed since HUD administrators, owners and managing agents were informed to implement the new Federal Preferece Regulations which were retro-actively in place to July 1988. The new Federal Preferences outlined in great detail those categories of applicants whose situations render them, once verified, to be eligible for preferential placement in HUD housing. Communities were asked to notify the applicants on their existing waiting lists of the new regulations and to give applicants the opportunity to apply for a Federal Preferential placement subject to verification. Programs effected by the Federal Preference Regulations are the tenant-based subsidies, that is the Rent Supplement Program and the Section 8 Housing Assistance Program, be it New Construction, Substantial Rehabilitation, State Housing Agencies, Rural Rental/515, FMHA, Property Disposition, Loan Management Set Aside, or the 202/8 Elderly, Handicapped, and Disabled. This change does not effect the Section 236, BMIR or the old 202's without any tenant-based subsidy. Most facilities effected by the new regulations are the new 202/8 Elderly, Handicapped facilities.

At this point administrators should have completed notification to the applicants on their waiting lists and should have restructured their waiting lists accordingly. Of my two (2) facilities only the 202/8, that is Mary Walker Apartments, has been directly effected at this time. At the time of notification I had some 80 applicants on my active waiting list, that represents a wait of 10 years! Behind that I had a referral list of over 100 applicants awaiting a place on the Mary Walker waiting list. After the restructuring, 12 of the 80 active applicants originally indicated a desire to apply for preferential placement. Of these 12, 4 applied due to substandard housing, 4 applied due to the paying of more than 50% of income for rent and utilities, 2 applied due to involuntary displacement, and 2 are in the process of clarification. The other 68 applicants were sent a second letter this month explaining that since so many applicants were requesting preferential placement and several of those have already been verified, their chance of being placed at Mary Walker Apartments has been reduced dramatically. They would only be placed in the event that no preferential candidates exist on out waiting list at that time,

in which case their requests would br handled chronologically. However, it was made clear that with the great number of applicants seeking entrance it is inconceivable or highly improbable that a time would occur when we would be without an applicant for the Federal Preferential placement advantage. Those without preference have essentially been "bumped".

Our applicants, not A-typical of applicants throughout the country, have waited a great period of time to achieve a high standing on the waiting list. Their needs are varied and sundry. Some applicants were fortunate enough to have a specific criterion mentioned in the Federal Preference Regulations, however, the regulations excluded so many classifications of applicants who also have a great need for our housing. Consider these types of situations just as a few of the examples I could mention:

A widow (80% of our residents are widowed), can no longer live alone after the loss of her husband. She enters a trial living situation within the home of one of her relatives, typically a child. After a reasonable testing period, the widow realizes she is very unhappy in this situation because she lacks the privacy, serenity, and independence that she had in her own home. She can no longer maintain a home on her own, nor does she want to live alone and isolated. She seeks the advantage of a senior community, under HUD rental subsidies, to solve the dilemma of her lonliness and still remaining need for independence achieved in an affordable manner and with dignity. She has not been described by the preferences, therefore her situation, a frequently occuring one, is excluded.

A widow who recently lost her husband is left with a modest retirement home. However, she lives in fear because she is alone, she cannot maintain the household without assistance from her spouse and she cannot afford an expensive housing alternative, because all she has by way of income is her Social Security benefit and whatever modest dollars will be netted from the sale of her modest household. She cannot turn to HUD housing because her situation has been excluded from the Preference description.

A gentleman is living in a commercial apartment where he pays 45% of his monthly income of $700 for rent and utilities. He suffers from a chronic and serious illness which requires $2,500 per year out-of-pocket expense. After paying his household expenses he lives on $44 per week. His situation has been excluded from the federally mandated Preferences. This typifies a regularly re-occurring situation.

Conversely included within the federal guidelines could be a situation without direct merit for preference and yet qualifying such as:

A 66 year old gentleman, in the City of Tampa, Florida, with an income of $9,550 per year is spending $400 per month for a comfortable though not lavish 1 bedroom apartment with utilities. He has been fortunate to have great health to this point in his life and his medical bills are negligible, $400 annually. His net disposable income after housing and medical is $84 per week. He would be considered a Preferential placement candidate to the exclusion of the aforementioned candidate.

Now I would like to give you a small glimpse of a few of the applicants who have recently been "bumped" from Mary Walker's waiting list. Though they have not been asked to leave, their opportunity for housing attainment is really unrealistic, and I attach the correspondence to these as well as the other individuals on the waiting list.

The names of these individuals are fictitious to protect their privacy:

Gail Hernandez, 81, has been waiting for an apartment at Mary Walker for over 3 years. Her only formal income is $309 per month and since she cannot afford a decent apartment on her own she has been living with her son until she can obtain residency. Her situation couldn't be described as substandard, inasmuch as she does have a bedroom within her son's home. However, she feels isolated during the day when she is left alone since her son and his spouse go to active work; she does not feel that she can take charge of the household since her son's wife is in charge, consequently she has few domestic duties to take her time. More than anything she dearly misses the dignity and privacy of her own place, be it ever so modest. She is devasted to receive the February '89 letter from Mary Walker informing her that her chances of obtaining residency are slim.

Mary Ruth, 80, has been waiting for an apartment at Mary Walker for almost 3 years. She lives alone in a single apartment and has only $500 per month to live on. Her medical bills are substantial and what she has left after paying her rent is not nearly what she should have to maintain herself with dignity. Unfortunately, she is paying just under 50% of her income for rent and utilities and does not qualify for federal Preference. The news that she probably would not obtain residency at Mary Walker Apartments was sincerely sorrowful for her. At her advanced age, going through an elaborate wait for another similar apartment is a difficult and regrettable task.

Leona Wilson, 85, has been waiting for almost 3 years for an apartment at Mary Walker. Her example is very similar the aforementioned Mrs. Ruth. Leona has $554 per month to live upon, has herself in a modest apartment and does have substantial medical bills to meet on an ongoing basis. She barely has money sufficient to provide herself food, and certainly cannot

afford the basic standard of life. She would have had an improved living environment and a chance to balance her life, at least at a basic standard, had she obtained residency at Mary Walker Apartments. She does not know where to turn now where she can afford housing and live with dignity. She feels abandoned by Mary Walker Apartments.

Unfortunately, so many ongoing conditions, very real, as to need have been ignored by the federally mandated Preferences. Though the Preferences as described certainly deserve merit, and those mentioned in the preferential description have always been included in those obtaining residency in HUD facilities, the description for preference is far too narrow and eliminates so many. Those who are coming forward under the Preferential placement seem to have very little in the way of family support, are typically of extremely low income, and require a high degree of intervention on the part of the community staff. The profile of the community, given a 10-15% average turnover of apartments, due to the average age being 80 years of age, will change dramatically in a handful of years. In less than a decade the community will be housing exclusively those people who obtained Preferential placement, usually due to being in dire straits. The facility will no longer be serving the low to moderate income.

When Tampa Jewish Federation came forward to sponsor these two facilities, like many other churches, synagogues, and other non-profit groups throughout the country, the community's intent was to provide dignified, affordable, well-maintained, independent living to senior applicants in the low to moderate income category. Originally, when the Mary Walker Apartments opened in August 1982, the entering standard was 80% of the median income for the area. In July 1984 due to regulatory action the entering income standard was reduced to 50% of median income for our area. The Federal Preference Regulations, in a backdoor approach, has had the effect of opening the doors usually to those in the 30% of median income for the area. Current operating budgets can not address the expanded staffing requirements and physical maintenance involved in accomplishing a supportive community for an exclusively "dire straits" population. HAP contracts will be woefully inadequate to approach the depth of subsidy required. The contract authority for tenant-based subsidies must be greatly increased.

The Mary Walker community, like so many throughout the nation, has been barely able, since it opened in 1982, to touch the tip of the iceberg as it involves making housing available to the great magnitude of people seeking our beautiful community. The greatly restrictive reduced Federal effort to construct new communities for the elderly has had a devastating effect upon those seniors, typically women alone, who need and want the protective, secure atmosphere of a community. It is our feeling

that dollars would best be spent by the Federal government addressed toward more construction of senior housing, a concept that has been so successful, both as to cost effectiveness, and to the maintaining of dignified independence throughout most of the participating seniors lifetimes. It is our genuine hope, that the concept of communities so highly regarded, will not be abandoned. Perhaps legislation can be brought to fruitition in the 1989 session to reverse the regulatory action which has severely impacted upon not only the seniors "bumped" from waiting lists throughout our nation, but all the future seniors yet to come with real needs who will be turned away from our doors under these present regulations.

Senator CRANSTON. Thank you very, very much. Those were interesting statistics on the income and age of the residents.

Do you have any residents over the age of 100?

Ms. MASSEY-DUHAN. I have had, sir, one that was deceased two months prior to the age of 100. And we have one little lady who we suspect is lying about her age! [Laughter.]

So she is about 98. [Laughter.]

But we suspect that it may be closer to 100. [Laughter.]

Senator CRANSTON. Mr. Bradfield.

STATEMENT OF RICHARD H. BRADFIELD, AIA, PRESIDENT, BRADFIELD ASSOCIATES, ATLANTA, GA, ON BEHALF OF THE AMERICAN INSTITUTE OF ARCHITECTS

Mr. BRADFIELD. Good morning, Mr. Chairman, Senator Graham, and Senator Mack. I am Dick Bradfield. I am the president of Bradfield Associates, an Atlanta architectural firm, and I am appearing today on behalf of the American Institute of Architects.

I would like to summarize the written statements that we have filed.

I serve on the Affordable Housing Task Force and also the Housing Committee of the AIA. My practice for the last 30 years has been primarily concentrated on low and moderate income housing, including virtually every program that HUD has ever devised. And at the risk of appearing immodest, I have won 18 significant design awards for my work in that area.

We at the AIA would like to thank you and Senator D'Amato and the others on your subcommittee for your leadership in the national housing policy and to express our views on the provisions for support of housing for the elderly and handicapped under S.565, the National Affordable Housing Act of 1989.

We strongly favor the general thrust of the reforms that this legislation contains. The existing section 202 program for the elderly and handicapped housing needs an overall. They have in the past been good programs, but time has overtaken them and arbitrary cumbersome regulations such as cost containment and the imposition of fair market rents have badly hobbled them.

The formula for funding section 202's based on fair market rents limits the amount of funds which may be provided for housing development. Low fair market rents combined with the rigid cost containment guidelines conspire to frustrate the construction of the housing that Congress thought it was providing. In fact, this one-two punch has brought the program to a virtual production standstill, accomplishing through regulation the program cutbacks that Congress has repeatedly rejected in recent years.

According to HUD's fiscal year 1990 budget submission, through the end of fiscal year 1988, the backlog of units approved but not yet under construction had reached over 63,000, though the program is reserving only about 11,000 units a year. This current backlog results, we feel, directly from the inability to meet the limits imposed by the fair market rents. Many areas are finding it impossible to develop projects for the amount of money that the fair market rents are dictating.

In a recent notice of fund availability, HUD ended this notice by noting this, and I quote:

> We call your attention to the fair market rent schedules for the Duluth, St. Cloud, and Worthington market areas. It will be difficult to successfully develop housing under the section 202 program in these areas.

The present cost containment guidelines are a disaster. A 40-unit section 202 elderly project I designed in Clayton, GA, in 1988, never made it to the approval stage, even though it was smaller and less costly than the guidelines allowed. My design was based on a modular dimension that took advantage of a less costly construction methodology. The projects ten efficiency units contained 423 square feet each, a mere 8 square feet over the guidelines for efficiency units.

At the same time, the remaining 30, 1-bedroom units contained only 462 square feet, resulting in a building with over 2,000 square feet less than the maximum permitted under the cost containment guidelines. Still, HUD rejected the project due to the size of the efficiency units, even though the Department acknowledged in its final rejection letter that the overall project had been cost contained.

This kind of decisionmaking is just utter nonsense.

Housing quality and function is also affected. Only 5 percent of a building may be devoted to common space. Lesser quality materials must sometimes be substituted. HUD has even denied the installation of sprinklers. There may be no deviation from any of the guidelines. Even though a project may comply in the aggregate, such design limitations can produce greater long-term maintenance cost, housing poorly fitted to its environment, diminished the sense of place that good housing is supposed to foster and send a clear negative message about how the Government views the beneficiaries of its program.

S. 565 is a marked improvement over current law in its attention to the value of design. I can't overemphasize the importance of this recognition for all subsidized housing, including public housing. Among other provisions, the legislation specifically mandates design flexibility in the elderly program in order to match projects to their locations and the proposed tenant populations within broadly defined parameters. This is a very welcome and sorely needed recognition on the part of Congress that architects should be able to use their skills to make low income housing a good neighbor. These design flexibility provisions should also be included in the handicapped housing program.

The interest-free "capital advance" provision of the new law is very important as is the funding of operation cost gaps. S. 565 abandons the phrase "related facilities" contained in the current law for such features as dining halls and other spaces essential to the project, but new construction of such facilities through the capital advances is not clear in section 511, which covers the elderly program. Section 512, Project Retrofit, contains clear language on the use of such funds. We believe that the two sections of the program should be made consistent by clarifying section 511.

S. 565 also strives to ensure clear linkages between services and housing. The AIA strongly supports this linkage; however, we

would like to raise two cautions about the Project Retrofit's service component and offer a variation of the proposal for the subcommittee's consideration.

First, it should be recognized that authorization levels for the Project Retrofit would fall far short of the need, although we admit it will meet an important part of it.

Second, we are concerned about the relationship between the renovation of existing buildings and the funding of the services. The kind of renovation assistance, loan or grant is not really clear in the language, nor is it clear whether the assistance should be meshed with non-Federal funds or stand alone. The Retrofit assistance would make permanent renovations in projects for the precise purpose of accommodating services, while the service funding would provide only temporary assistance for those services.

We have read the transitional services provision to limit assistance to 3 years for all eligible projects, not just those under the Congregate Housing Services Program. The language is unclear. We suggest a variation of the proposed linkage between the renovation and service money under the Project Retrofit. The Federal Government would fully fund the supportive services for 1 year, after which a 5-year dollar for dollar matching program would be established to provide the services that would otherwise be missing.

The legislation should also contain a maintenance of effort clause, so that the project sponsors will not substitute Project Retrofit funds for money they are already providing or obtaining for services. This proposal has the benefit of a long-term commitment that better matches the investment in the project's renovation while assuring other levels of government or the project owner will commit their own resources to the services packages.

We urge that the revised program retain the current law's language, giving the Secretary permission to recognize applications for projects in historically significant buildings as well.

In summary, gentlemen, the AIA is greatly encouraged by the supportive housing provisions of S. 565. They are sensitive to the problems architects have experienced over years of working with the section 202 program. Our suggestions for revisions are not meant to be critical, only helpful. We stand ready to assist the subcommittee in advancing this measure.

Thank you very much.

[The complete prepared statement of Richard H. Bradfield follows:]

THE AMERICAN INSTITUTE OF ARCHITECTS

STATEMENT OF RICHARD H. BRADFIELD, AIA

on

S. 565, THE NATIONAL AFFORDABLE HOUSING ACT OF 1989

SUPPORTIVE HOUSING

on behalf of

THE AMERICAN INSTITUTE OF ARCHITECTS

before the

U.S. SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

of the

U. S. SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

JUNE 2, 1989

Mr. Chairman, and members of the Subcommittee, my name is Richard H. Bradfield, AIA, President of Bradfield Associates, an architectural firm in Atlanta, Georgia. I am appearing today on behalf of The American Institute of Architects (AIA), the professional association of 56,000 members representing the nation's architects. I am also a member of the AIA's Affordable Housing Task Force and its Housing Committee, and was honored to receive the first Presidential Award for Design Excellence, sponsored by the National Endowment for the Arts, for a 67-unit, scattered site public housing project in Charleston, South Carolina.

The AIA applauds your extraordinary leadership and that of Senator D'Amato in seeking a major redirection in federal housing policies to attune them to today's needs. Your initiative offers new hope for progress against a persistent and increasing crisis in affordable housing.

I am here today to present the AIA's views on the provisions for supportive housing for the elderly and handicapped under S. 565, the National Affordable Housing Act of 1989. We strongly favor the general thrust of the reforms that this legislation contains. These reforms we believe will save money, spur new housing production which is now stalled, and guarantee greater opportunity for elderly and handicapped people to find housing options best suited to their needs.

Like everybody else, these two target groups require decent, suitable, and affordable housing adapted to their special needs. Because these needs are so diverse, they also require a diversity of housing environments. For example, most elderly are hale and hearty, and need no more than good basic housing generally available to people in other age categories. Others have serious medical conditions that demand the intensive services often found in nursing homes or other institutional settings. Still others can be independent with a little help from a housing environment that includes a supportive service program which tailors services to individual needs.

S. 565 separates the elderly and handicapped housing development loan programs currently gathered under Section 202. It revises both in similar though not identical fashion, and also creates a new program for the frail elderly, Project Retrofit, which links specially designed housing related facilities with a support services program drawn from the current Congregate Housing Services Program. The existing Section 202 elderly and handicapped housing programs need an overhaul. They have been good programs, well-integrated to their purposes. Yet time has overtaken them, and arbitrary, cumbersome regulations have badly hobbled them.

Let me focus on the Section 202 program for the elderly to illustrate the problems with the regulations.

The formula based on fair market rents under the Section 8 rental assistance portion of the program limits the amount of funds which may be provided to sponsors for housing development. Low Fair Market Rents combined with the rigid Cost Containment guidelines conspire to frustrate the construction of the housing that Congress thought it was providing. In fact, this one-two punch has brought the program to a virtual production standstill, accomplishing through regulation the program cutbacks that Congress has repeatedly rejected in recent years.

According to HUD's FY 1990 budget submission, through the end of FY 1988, the backlog of units approved but not yet under construction had reached over 63,700, though the program is reserving only about 11,000 units a year. In FY 1988, 11,264 units were added to the project pipeline, but only 5,301 moved to construction. By contrast, in 1979, the 23,860 units started exceeded the 22,525 units reserved indicating that although annual reservations were beginning their decline, approved projects were proceeding through the pipeline to construction.

The current backlog of unconstructed, yet approved projects, results directly from the inability of developments to meet the Cost Containment guidelines and to meet the limits imposed by the Fair Market Rents. According to Conroy and McIver, a foremost consulting firm dealing with elderly housing programs, as many as 80 percent of the 363 fair market rent areas were experiencing difficulty in developing projects for the amount of money that the fair market rents were dictating. In 66 of the areas, projects were impossible to construct.

Most incredibly, HUD not only acknowledges that the Fair Market Rents are a problem, it does so in its own notices of priority funding availability. For example, HUD's Region V office in Minneapolis/St. Paul, Minnesota, issued a notice establishing FY 1988 priority categories for Section 202 applications only to note at the end, "We call your attention to the fair market rent schedules for the Duluth, St. Cloud, and Worthington market areas. It will be difficult to successfully develop housing under the Section 202 program in these areas."

The Cost Containment guidelines pose special problems of their own. A 40-unit Section 202 project for the elderly I designed in Clayton, Georgia, in 1988, never made it to the approval stage, even though it was smaller, and less costly overall than the guidelines allowed. To bring the project within the amount of funds allocated under the Fair Market Rent system, I produced a design based on a modular dimension that took advantage of a less costly construction methodology. This methodology required that the project's ten efficiency units contain 423 square feet each, a mere eight square feet over the guidelines for efficiency units. At the same time, my design called for the remaining 30 one-bedroom units to contain only 462 square feet each, resulting in a building with over 2,000 square feet less than the maximum permitted under the Cost Containment guidelines. Still, HUD rejected the project due to the size of the efficiency units, even though the Department acknowledged in its final rejection letter that the overall project had been cost contained! This kind of decision-making is utter nonsense. I have attached copies of correspondence and data sheets concerning this project.

The Cost Containment regulations also lead to unnecessary compromises in housing quality. Some HUD offices give preference to project proposals without elevators. Only 5 percent of a building may be devoted to common space, including all kitchen and dining facilities, lobbies, recreational areas, tenant workshops and other facilities. Lesser quality materials must sometimes be substituted to bring the project within the cost limitations, and HUD has denied sponsors the choice to install sprinklers and fire prevention systems. Restrictions also apply to ornamental embellishments, placement of lighting, and landscaping. And as the Clayton, Georgia, experience demonstrates, there may be no deviation from any of the guidelines even though a project may comply in the aggregate. Such design limitations can produce housing poorly fitted to its environment, diminish the sense of place that good housing is supposed to foster for both occupants and neighbors, and send a clear, negative message about how the government views the beneficiaries of its programs.

Moreover, the rigid Cost Containment approach actually means more costs later on. Housing that is inadequate from the day it opens can only become increasingly inadequate and more costly to alter or maintain as the residents age and become more frail.

S. 565 sensitively addresses these and other problems that have developed in the Section 202 programs and in the way they are administered. Below I offer favorable comments on these measures. At the same time, there are several provisions for which we suggest revisions.

S. 565 is a marked improvement over current law in its attention to the value of design in the revised Section 202 program. I can't overemphasize the importance of this recognition. Commitment to appropriate design is articulated in the preamble to the elderly program revisions, and is found in the project selection criteria which include the extent to which a proposed design will meet the special physical needs of elderly persons and will accommodate supportive services. The legislation also acknowledges within the development cost limitation provisions the cost of special design features required for accessibility and for meeting the physical needs of the elderly and the handicapped. Most important of all, the legislation specifically mandates design flexibility in the elderly program in order to match projects to their locations and to their proposed tenant populations, "within broadly defined parameters." This is a very welcome and sorely needed recognition on the part of the Congress that architects should be able to use their skills to make low-income housing a good neighbor to surrounding residents and to best serve its residents. The design flexibility provisions should also be included in the handicapped housing program.

The revamped Section 202 program depends upon an interest-free "capital advance" repayable only if the housing it finances does not remain available for low and moderate income people for a forty-year term. HUD would also fund any gap between the cost of operation and tenants' rent contributions through the use of project rental assistance.

This mechanism is a vast improvement over the current system which requires the federal government to use Section 8 rental assistance to pay off loans it makes

at a sizeable interest rate. As a result of the current arrangement, the expenditure for the program shows up twice in the budget -- (1) in the credit function for the loans, and (2) in the income security function for the Section 8 assistance -- costing far more than necessary. An important benefit of the revisions is that the notoriously deficient Fair Market Rent system would fall by the wayside as Section 8 unit-based rental assistance terminates in favor of project rental assistance.

We note that the new legislation permits the capital advances to be used to finance the development or renovation of a portion of a structure which is used as supportive housing for the elderly. We believe that this provision should permit the program to be used in conjunction with larger housing developments that contain residents who have incomes higher than the Section 202 income limits and who would not receive any subsidy. This mixed-income arrangement would permit revenues to flow from the non-subsidized portion of the project either to enhance the building or to reduce overall operating costs, or both.

There are other models for separating the rental subsidy from the development subsidy, which the subcommittee should explore as additional means of providing supportive housing for the elderly.

S. 565 abandons the phrase "related facilities" contained in the current law to cover the new construction and rehabilitation of such features as cafeterias, dining halls, workshops, adult day health facilities and other structures and spaces essential to the project. New construction of such facilities through the capital advances is not clear in Section 511, which covers the elderly program, beyond that part of the definition of supportive housing that refers to "housing designed to accommodate the provisions of supportive services ..." and similar language in the section on development cost limitations. On the other hand, section 512 (a) which pertains to the new Project Retrofit, does provide for the use of funds to "create and rehabilitate" common areas in or adjacent to supportive housing to accommodate supportive services, and in section 512 (c) which lists kinds of common spaces in renovation projects, such as dining rooms and health clinics as eligible for funding. Project Retrofit covers all federally subsidized housing projects. We believe that the two sections of the program should be consistent in providing funding for common spaces that are integrally related to the supportive housing environment, by clarifying section 511 in this regard.

S. 565 also strives to ensure clear linkages between services and housing. This linkage occurs within the recast Section 202 program, the new handicapped housing program, and Project Retrofit which applies only to the frail elderly. The AIA strongly supports this linkage. We also applaud the Project Retrofit initiative, designed to bring housing and services together more effectively in existing housing.

We, however, would like to raise two cautions about Project Retrofit's service component and offer a variation of the proposal for the subcommittee's consideration. Beyond its purpose of providing funds for retrofitting housing and rehabilitating or creating common space associated with such housing to accommodate support services, the program also provides direct funding for these

services. The funding goes for services not otherwise available through existing programs. Project Retrofit borrows heavily from the Congregate Housing Services program, a "housing with help" program now limited only to Section 202 and public housing projects, and severely limited in funding.

First, it should be recognized that the authorization levels for Project Retrofit would fall far short of the need, although it would meet an important part of it. When the Congregate Housing Services Program was established in 1978, it authorized $40 million by the fourth year of its authorization (FY 1982) to cover only the identified support service gaps only in the Section 202 and public housing programs. This amount was originally provided solely for public housing projects and was believed sufficient to handle the need in this program. On the Senate floor, Section 202 projects were made eligible, but the funds were not increased. Rehabilitation funds were not included in the program because such funds were plentiful at the time. Project Retrofit, eleven years later, proposes a maximum of $52,150,000 for both renovation and services and covers projects under all of the federally subsidized programs. The limits of the program's reach are apparent.

The AIA is also concerned about the relationship between the renovation of existing buildings and the funding of the services. First, the kind of renovation assistance, loan or grant, is not clear. Nor is it clear whether the assistance should be matched with non-federal funds or stand alone. Second, the retrofit assistance would make permanent renovations in projects for the precise purpose of accommodating services, while the service funding would provide only temporary assistance for services. Only the first year of a three-year contract for support services would be fully funded, with declining federal funds provided for the second and third years.

The AIA is concerned that this program design may result in two undesirable outcomes. A project may come forward to take advantage of the renovation funds, but later find itself unable to maintain the services as the sponsor had promised and anticipated. This places HUD in the position of extending the services contract, or letting it terminate, in which case the project will find itself with units and a common space designed to accommodate social services that can no longer be funded. Conversely, project sponsors may recognize the uncertainty of the situation in advance and choose not to participate, except those that can virtually guarantee that they can come up with the funds in relatively short order to run the services portion of the program without federal funding after the service contract ends.

The AIA recognizes that the budget situation is different today than in 1978, and that the nature of the relationship between the federal government and other levels of government and program recipients has changed, too. Obviously, if the federal government commits to an open ended funding of services, there is no incentive for the states or localities or private sector to contribute funds of their own.

The AIA suggests a variation of the proposed linkage between the renovation and service money under Project Retrofit. The federal government would fully fund the supportive services for one year, after which a five year, dollar for

dollar matching program would be established to provide the services that would otherwise be missing for needy project residents. The legislation should also contain a "maintenance of effort" clause so that project sponsors will not substitute Project Retrofit service funds for money they are already providing or obtaining for services for their residents. This proposal has the benefit of a long-term commitment that better matches the investment in the project's renovation, while assuring that other levels of government or the project owner will commit their own resources to the service packages. Like Project Retrofit's current provisions, successful program competitors would provide appropriate assurances of continued funding for services beyond the completion of the service contract.

S. 565 establishes a much more specific means of controlling project costs than current law which provides only that "no loan shall be made unless the Secretary finds that the construction will be undertaken in an economical manner and it will not be of elaborate or extravagant design or materials." The revised language, which describes what development costs should cover, is a fair and effective means of controlling project costs without compromising housing quality or serviceability. It is a much needed response to the abuse of the existing provisions that has occurred through the Cost Containment regulations now in effect. We believe that the legislation's method of controlling costs will send a clear signal to the Department that the Congress intends for the Section 202 program to produce housing, a concept that has been badly battered since 1983.

The AIA notes that the legislation drops a current program provision that gives the Secretary permission in reviewing applications to consider the extent to which a loan "will assist in the substantial rehabilitation, in an economical manner, of structures having architectural, historical, or cultural significance." This provision has not been implemented. According to the Department, projects seeking to combine the Section 202 housing with significant structures have tended to cost more than those that have not. The AIA understands the Department's dilemma, at least some of which can be traced to the Department's dependence on overly restrictive Cost Containment requirements. At the same time it makes good public policy sense to marry the objective of good housing with historic preservation when it can be accomplished "in an economical manner." The numerous examples of low income housing that has been developed in existing significant structures demonstrates that this marriage can be a successful one. The AIA urges that the original language be maintained, and that report language be included in the committee's report directing the Department to study means of implementing it consistent with the purpose of the program.

In summary, the AIA is greatly encouraged by the supportive housing provisions of S. 565. They are sensitive to the needs architects have experienced over years of working with the Section 202 program. Our suggestions for revision are not meant to be critical, only helpful. We stand ready to assist the Subcommittee in advancing this measure.

Senator CRANSTON. Thank you very much, Mr. Bradfield.

Ester Piper, who is a resident of federally assisted housing for the elderly is with us today. I would like to ask her to come to the witness table. She is from Florida also. Since Senator Graham is with us and there are now two Floridians at the table, and we also have some time problems, I would like to yield to you, Bob, at this time.

Senator GRAHAM. Thank you very much, Mr. Chairman. I appreciate your courtesy.

Hello, Mrs. Piper. Welcome.

I think Mrs. Piper wanted to make a statement.

Senator CRANSTON. Did you have a statement or are you just going to answer questions?

Mrs. PIPER. I will just answer some of your questions, which will take care of things that I think are important.

Senator CRANSTON. Fine.

I do have some specific questions to her, but if you want to do anything now with any member of the panel, you proceed.

Senator GRAHAM. Thank you, Mr. Chairman. I would like to ask some questions of Mr. Joseph and Mr. Bradfield relative to your comments on the inadequacy of the fair market rental standard for section 8 in these projects that you have identified.

In the communities with which you are familiar, are section 8 market rate standards consistent from program to program? That is, are they the same standards applied in your areas of elderly housing as they would be, for instance, in the moderate rehabilitation or substantial rehabilitation housing programs?

Mr. JOSEPH. I am not sure about the moderate or substantial rehabilitation programs. I do know that the problems that we have experienced with the fair market rent program occur when the fair market rents are tied to the date the project received an award. For example, if the project was awarded in 1986 and construction doesn't begin till 1988 or 1989, HUD has been very reluctant to increase the fair market rents to the 1988 or 1989 level. You are tied to when the project was awarded instead of when it is actually built, which, of course, doesn't make any sense at all, because contractors and laborers and suppliers of material are not going to give you labor and materials 3 years later based on the pricing at the time that the project was awarded. That is where the problem comes in.

The second part of the problem is that in general in many areas, in our experience, there has not been evaluation or reevaluation or even fair evaluation. Specifically, I am speaking about the Pacific Northwest. It is impossible to do anything in that area. Please note the concentration of cities in the States of Washington and Oregon on the chart AAHA has prepared showing 66 cities identified in a recent study done by McIver and Conroy as being "redlined" due to very low FMR's.

Senator GRAHAM. Mr. Bradfield.

Mr. BRADFIELD. I agree with Dr. Joseph, in that the HUD is often reluctant to update their fair market rents. We do deal with two different scales. In the rehab programs, of course, you are dealing with existing section 8 numbers as opposed to new construction dealing with new section 8 figures.

The problem that I see is not necessarily a diversion in two different scales, as much as it is that the data upon which most of the section 8 numbers are based is old. And I am sympathetic with that, but I realize that it takes a while to get that material into the computers and digested and published. But I think there has got to be a better way. We live in an age where things happen very quickly, but it doesn't seem to happen very quickly with HUD. And we do have projects that we are still processing 4 years old, and we are dealing with numbers that are 4 years old. So we can't very well deal with that.

One of the biggest things I have noticed in the program is that the processing system at present is unnecessarily cumbersome. I have said many times, if you will simply give us the grant, tell us how much money we have for construction and get out of our way, we will get the job done, regardless of what that budget is. At least we will know what we have to work with. We can strike at it quickly. Many of the sponsors are willing to supplement their grants with other funds. If we know that at the beginning, then we can design for that, we can work toward that, and we can get the job done, and we could get this pipeline emptied.

Senator GRAHAM. Thank you.

Ms. Piper, the principal focus of our discussion today is on supportive services in housing for the elderly. As one of those for whom this program is most directly intended, what types of services do you feel are most important and particularly that might need to be enhanced?

Mrs. PIPER. Well, first off, let me say that I appreciate being here, and that I have the opportunity to speak for so many other seniors in the community.

I have been with various organizations that help. I have always been taught, you don't let the next one live, but you help them to live. There is the difference. And even though I am close to the 80, which will be in 2 weeks, so I will enter that 80 group, I have been very, very active in the organizations for the elderly.

The first thing we need is transportation, which is very, very difficult to get our people around. It is true in Tampa we have transportation called "The Share-a-Van." You must notify those people 2 days in advance, if you want to go anywhere. But many times you think that you are going to be well, you can go to the doctor in a week from now, but something comes up, and you've got to go tomorrow. It's an emergency. You can't get that transportation. Therefore, we do need transportation.

Then we need transportation to go shopping. There are a number of people that can only buy groceries from week to week. I usually get a man to take me once a month, but I have to shop enough at that time to last me for the month.

That in itself is a hassle for me, because I am afraid that before long, I will not be able to continue. My mind is clear. I can do a lot of work, but the body won't let me do a lot of the things that I would like to do. Therefore, I dread the day that I may have to go to a nursing home. I don't want a nursing home. I am able to stay at home, take care of myself, but I do need help. Therefore, that is where we have the homemaker assistance that comes in. I do my own cooking, but there are many times that I don't feel like I can

cook, so I have these TV dinners, which I pop into the microwave. But if we had a nutrition site in our building, I would appreciate it, and I know there are many others within the building that would appreciate it.

We need help in all these phases, and I think that if the committees here keep in mind, don't forget that the older people were those who helped create this country. My father came here back in 1883, and we always did the work for this world here. We provided for others as well as for ourselves. We never thought to be selfish that me, I and myself come first. We never did that. We believed in sharing, and I have continued that.

Now as far as our administrator, she is one in a million, and I say that literally—not because she's here, but it is true, there isn't one person in the building of 210 people that would say otherwise. She is very compassionate, and she makes sure that her staff follows the same policies.

Now as far as the additional services, I think if we had these transportations and assistance and a nutrition site—now, of course, as far as personal assistance, that is something that we cannot get unless we pay for it. If you pay for it, fine, you will get it, but not everybody is able to pay for the services. Therefore, we do need some of the personal services as well—assistance.

I think that sums it up.

Senator GRAHAM. Thank you very much, Ms. Piper, and I have known Juliet for a long time also, and I share your high opinion.

Mrs. PIPER. I know while you were Governor, our "silver-haired legislature" used to go up to Tallahassee. One year I was supposed to, but I couldn't make it, so a substitute went for me. But as I say, we don't want to go to a nursing home, and it is costly for the Government. They have to pay so much more toward the help. Let us stay home, where we can have our own little niche. If we want to go upstairs, we go upstairs. If we want to have company, we have company. I know we have a very strong resident association within the building. We have bingos every week, we have birthday parties every other month. We try to patronize and let the people know and have fun, and they are human, they want to enjoy life. Why not let us continue?

Senator GRAHAM. Thank you, Mr. Chairman.

Senator CRANSTON. Thank you very much. I know Senator Mack also has a particular interest, because two Floridians are here, but I would like to go first to Senator Al D'Amato, who is the principal cosponsor and author of this legislation.

Al, I welcome you to this hearing.

Senator D'AMATO. Mr. Chairman, I thank you, and I would make note that both Dr. Joseph and Mr. Bradfield have touched on a situation which our bill attempts to address, and that is the incredible backlog in the pipeline. According to Mr. Bradfield's testimony, I find it just so very, very convincing, at least his written testimony, where we talk about a backlog of some 63,000 units. We only provide, by way of legislation, 11,000. And in my own home State of New York, we have 5,000 of those units, most of them sponsored by various groups from the Jewish Community Relations Council to you name it, to the Catholic Charities groups. All of them, all of them run into this same problem as it relates to the fair market

rents, and we have not been able to devise a formula—let me ask you, do you think this problem just exists in our high cost regions? We have experienced them, certainly, in Long Island and in the New York Metropolitan Area and in the Albany region, but do you find the same in other areas of the country?

Mr. BRADFIELD. Senator, I do not believe that it is just in the high cost areas. This is a problem that exists across-the-board. Down in Georgia where I am from, which is not a high cost area, it is virtually impossible to get a project in the budget without the sponsor supplementing in some way the capital funding. We virtually never get a project processed in less than 3 years, and it is usually 4 years. And by then, the numbers are old, and as Dr. Joseph said, you can't expect a contractor to build 4 years ago prices today.

Mr. JOSEPH. I agree, Senator, that the problem is across-the-board, although it seems to be aggravated in some areas more so than others.

I guess a general comment that I would make is that I believe the Retirement Housing Foundation has good, and perhaps even better than most, relationships with HUD in a number of area offices. At times it seems to us, however, that we are not really on the same team, that the mission to build affordable housing isn't a shared mission. It seems that we, as a nonprofit sponsor, are attempting to get the housing built, and at times it seems that HUD is attempting in some area offices to throw up roadblocks to keep us from getting it built.

I would also like to say it is not that the sponsors have the funds and don't want to contribute $100,000 or $250,000 or $500,000 to get a project built, it is simply that the nonprofit sponsors really do not have the funds to put into the projects. It was to be 100 percent financing of the mortgage, and we believe that is what it should be.

I agree with Mr. Bradfield, many times. It seems that it would be best if we could simply have an outright appropriation and let us build the most and the best that we can under the best design for that amount of money.

Senator D'AMATO. Looking at our legislation, do you believe that we begin to deal with some of the problems that you have encountered in the practical sense as it relates to that pipeline being clogged?

Mr. BRADFIELD. Well, I am hopeful that this legislation will solve some of those problems in that you are not setting statutory limits or fair market formulas on the capital improvement cost. I don't think that it is so important that we allocate large numbers of units. It is much more important that what we do allocate gets built.

Senator D'AMATO. Yes.

Mr. BRADFIELD. And when we have 63,000 units that are sitting there doing nothing, we haven't done anything for anybody.

Senator D'AMATO. Yes. That's sinful, really. That really is a dreadful situation.

Let me say this, and I really do have hope, Mr. Chairman, because I have met with Austin Phipps and raised this, and she is the designee to fill that very important position in the housing area,

and I think many people have indicated to her this problem with the fair market housing rental formulas.

Would you suggest to us any possible thoughts that you might have, so that we could pass these on to the commissioner? I think that even by way of regulation and if necessary by way of statute, we would like to have the benefit of your thinking as to how we could aid in this, so that we could protect the process, but at the same time, give it the necessary flexibility to deal with the problems that we have encountered these past 8 years. I think that is important, and we would certainly look to you for your recommendations in this regard, and I would like to share them not only with the committee but with HUD directly.

Mr. JOSEPH. We have a number of recommendations. I will be happy to share some of those with you now, if time permits. If not, the staff of the American Association of Homes for the Aging will be happy to submit them to you in print.

Senator D'AMATO. Would you do that? I think that would be excellent. I think that the new Housing Commissioner or at least the designee would certainly be appreciative. If there are those areas that should be improved by way of legislation, I think we should know about it as we are moving forward on this, and if it can be done by way of reg, that would even make the job that much easier. Certainly, it is an important mission.

Mr. JOSEPH. One thing that would be extremely helpful would be that if the projects in the pipeline were permitted to be grandfathered under the new proposed act and be developed under the guidelines of that act.

Mr. BRADFIELD. That's right.

Senator D'AMATO. I think if you would put that in writing, also. That is important that we grandfather maybe for a period of time, at least give them from now until—whether it is 18 months or some period of time, and I am certain that the secretary would like to comment, but I just know of so many projects, again, in New York City, 5,000 units, and most of these are, you know, projects that are 100 units, 110 units. They're small. So that means you've got about 50 of them totalling $380 million that are tied up.

Mr. BRADFIELD. Yes. Senator, there is draft report language in the 1990 HUD appropriations report that might help you in that particular area. I have a copy of it if you need, and we can submit that with our report.

Senator D'AMATO. Would you do that?

Mr. BRADFIELD. Yes, sir.

Senator D'AMATO. Thank you very much. Thank you, Mr. Chairman.

[See p. 186.]

Senator CRANSTON. Thank you very much. Connie, do you have any questions or comments?

Senator MACK. I would like to make a few. Thank you, Mr. Chairman.

First of all, I want to apologize for not being here earlier, but my two other committees both were having meetings this morning, and so I will try to catch up.

Ms. Massey-Duhan, I was recently down in Tampa and viewing some of the housing work that was being done in the city of

Tampa, and I have got to say to you, I was very impressed with what Tampa is doing, its interest and concern, and having a grandfather who lived to be 92 and two grandmothers that lived to be 99 each, I have a real interest, you might say, from a personal standpoint about where I may end up a few years from now. [Laughter.]

A couple of the thoughts that you and Mrs. Piper mentioned indicated the dread about going into a nursing home. So I guess what we are trying to do is focus some resources into providing something in between, if you will. And if you would, this is a new area for me, having served in the House on both the Budget Committee and the Foreign Affairs Committee did not deal with these areas, and I wonder if you would take the opportunity to tell me what I should know, as a new member of this committee, with respect to the problems that you deal with and the things that we ought to concentrate on this committee. I wonder if you would try that.

Ms. MASSEY-DUHAN. Well, I mention much of it in my testimony, but I think that it is the personal care element. The housing element, I don't think has been faulty. If you went to see either one of my facilities, you would be very proud. They're beautiful, beautifully maintained. The residency is active. But the big falling through is how do these residents get their groceries? How do they get their meals prepared? There is the breakdown in the energy level. They can only do so much. Some of our residents are doing fine and can manage, but about 30 percent, and I think this is a statistic that holds true throughout the country, about 30 percent are struggling to do the basic things they need to do to keep going. And if you could replace some of their energy with a personal care servicer, so that they could go on living their lives and being productive. They just can't make that bed, they can't lug those groceries into the house. They have no wheels to get back and forth. But they are vital people. They don't need to be dependent. They don't want to be dependent. They need just a little bit of muscle in there for them. A few dollars to the Government.

I failed to mention in my testimony—I think this is very important to what the gentlemen have been saying about the breakdown and how many of the units are in the pipeline and not yet built. I have at Mary Walker Apartments, 85 units. The waiting list in July of 1988 was 80 processed applications. That represents a 10-year wait. And 120 other people that were waiting for us to reopen applications, but it was ridiculous. The numbers are ridiculous, when you are talking about eight apartments turning over and a couple of hundred people looking at you for that.

So the accessibility of even the housing is the other issue. We are really sad when we turn people away, constantly.

This is the other problem. Though our people are well, when you average age 80 and above, there are so many incidents that occur. You must understand that. Heart attacks, strokes, falls. I have gotten a little bit creative with my facility. I have managed to construct some outstanding energy programs and use that financial offset to try to help with our life safety systems. But we have got one person down there at the desk at night, a couple of hundred people in the building. Sometimes we have the rescue squad in and out of our buildings three or four times a day. This is going to con-

tinue to happen even with Project Retrofit, but we will have a staff that can responsibly deal with this type of life-and-death situation.

Senator MACK. Thank you. I guess one of the other statistics that I believe I remember from a year or so ago was that the number of individuals who were going to be 80 or 85 and older in the State of Florida was going to increase by three times in just a 12-year period, roughly from 1988 to the year 2000.

Ms. MASSEY-DUHAN. I think they all live with me. [Laughter.]

Senator MACK. Is that true, Mrs. Piper?

Mrs. PIPER. We have quite a number in my building.

Senator MACK. I was curious as to—again, if we could, I don't know when the building was constructed, but with the aging of the residents, is there a sense that the building was built in such a way that it takes care of the special needs of now an older population?

Ms. MASSEY-DUHAN. No. It was absolutely not built that way. There were no provisions made for even a wheelchair access in the older buildings. You would have a lot of trouble getting a wheelchair around the apartments. The door openings are too small. My 199-unit building has 199 tubs, and someone like Mrs. Piper, the simple situation of not being able to get in and out of a tube to take a bath. There were no safety showers built, and I will confess to what I did. I cut a hole in your tub, didn't I, Esther, on the side, and I had a fiberglass person come back and reconstruct it so she can get in and take a bath. There were no such provisions.

Our kitchen, our community kitchen is not at all equipped to handle meals. We can serve popcorn and cookies and that is about it. We have a residential refrigerator and a tiny little stove.

So to answer your questions, those provisions are not in place, however, could be done fairly reasonably, and I think, depending on how far you go with little cost. One thing I worry about a lot is the lack of proper life safety systems. They are so basic. We have no sprinklers. We have people that of this age living on the 16th floor of a high-rise. We have to be able to communicate with them better and to respond quicker. And sprinklers are something that would be great, but they cost a fortune. We can't even begin to look at that.

Senator MACK. OK. Thank you, Mr. Chairman.

Senator CRANSTON. Thank you very much. Larry Pressler, do you have any points you want to make?

Senator PRESSLER. Thank you, Mr. Chairman. I have no questions for this panel. I would like to make an opening statement and an introduction at the beginning of the next panel.

Senator CRANSTON. Fine.

Senator MACK. I wonder if I may just raise one more question——

Senator CRANSTON. Sure.

Senator MACK [continuing]. With Mr. Bradfield. And maybe this is the same question that Senator D'Amato raised, but both of you, Mr. Joseph and yourself, indicated something to the effect that, basically provide us with the grant money and get out of the way and let us get these things built. And maybe you did touch on it, but what is it we can do to really kind of get you to that point?

Mr. BRADFIELD. I think if Congress sends a clear message to the Department that that is what you want to accomplish, that this

should be a production program and not let HUD take away from our elderly and handicapped citizens what you have given them by legislation, through their regulation, I think we can deal with a program that is an honest-to-goodness production program. I believe it is one of attitude. We have not had an attitude for several years in the Department of Housing and Urban Development that any program should be a production program. If we can change that, and if you can send a clear message to them that you want to change that, I believe a lot of things will happen.

Senator Mack, you were the guest speaker at the dedication of one of my projects in Fort Myers, FL, and that was a project, for instance, where we tried to include a dining room for an ultimate food service program, and the funding, the capital improvement funding for that was so short, that we had to eliminate that. The services aspect of that project simply doesn't exist. And I think you have everybody here today testify that services are so very important to whatever capital improvement program we make, and if we don't provide the services, we are not really providing a complete program.

I do a lot of work with homeless programs and with various types of housing, and invariably, I hear the remark over and over again that capital improvement money is relatively easy to find, but the services and the operation money is never there. Please give it your utmost interest in this legislation to see that the services are adequately funded. Thank you.

Senator CRANSTON. I have just a few questions. I may have some more to submit in writing, as may other members of the committee. If any of you differ with anything that is said by another member of the panel or want to place greater emphasis upon something, don't hesitate to do so, so we get a range of views from you.

One question is this: During the last 8 years HUD did all it could to kill the section 202 housing for the elderly or handicapped program. We managed to block those attacks. Now we are determined to reinvigorate support for decent affordable housing for elderly and handicapped Americans.

A few questions, which I will put all at once and then solicit any comments any of you have to make.

What do you believe are the key improvements over current law that our bill will achieve?

What other changes do you think we should make and what weaknesses or oversights in the bill give you any concern?

Any one of you wish to respond to that broad question? Yes.

Ms. MASSEY-DUHAN. I would like to respond to one of them, and that is there are many States—unfortunately, I think—and we are embarrassed about this, but I think that Florida ranks No. 50 in human service delivery as far as our dollars that go in that direction, and there are certain seed moneys and matching funds that are required of the States to participate in this program. Coming from a State with a very low budget, I wonder if some provision could be written into the law to not preclude our participating for lack of matching funds.

Senator CRANSTON. If there are no other comments on that point, let me go on to this.

The design of Project Retrofit makes an explicit link between the housing and supportive service sectors. HUD funding for renovation and rehab activities will be provided only to those projects that have already received assurance of funding for supportive services.

Do you believe there are sufficient resources at the Federal, State and local level to make that a practical approach?

Ms. HERRERA. I would like to address that, Mr. Chairman. We have, as I discussed in my testimony, been able to bring assisted living and congregate services to our public housing buildings through the use of existing services. The real problem is the coordination of those services. The services exist in the community, but neither the service providers nor the housing authority have funding available for a service coordinator or a program coordinator. The assisted living program which I discussed in my testimony is being coordinated right now by our management staff, and they are neither qualified—and really, it is difficult to be able to have the time for them to properly address that program. So that I feel that while the services are there, the coordination also needs to be there.

The other real issue is that for those of us in the public housing sector, simply being able to get through the aging system and understanding how those services are provided, who provides them, is very complex, and understanding that system and being able to tap into it is a difficult task.

If we had funding for coordination, I think that we could more easily do that and even be more successful than we have been. So I think the coordination is just a real key in that process.

Mr. BRADFIELD. Senator, many of my clients are in small rural, nonfarm communities throughout the Southeast, and those agencies simply don't exist in those small places. I think a delivery of those kind of services is a serious problem in those types of communities. In the bigger cities, I think the agencies do exist and funding probably exists, but in the small communities, it doesn't.

Senator CRANSTON. Dr. Joseph, do you have something?

Mr. JOSEPH. I was simply going to concur with both speakers. It is our experience also.

Senator CRANSTON. Yes.

The testimony that you have generally given reinforces the need for additional management personnel to coordinate the provision of supportive services. These professionals would be responsible for renewing current sources of funding and seeking out new sources of funding for supportive services.

Now I would like to ask you how you think such personnel should be funded? Should it be through Project Retrofit directly? Should it be through project reserves in section 202 or other problems, through operating subsidies in public housing, through a non-HUD source of funding, or what do you think?

Mr. JOSEPH. I believe that it should be through the operating budget of the project. I think that is the only sure way that we can assure ourselves that the position will indeed be funded. I think it needs to be an ongoing operating expense of the project.

Senator CRANSTON. Any other opinion on that?

Ms. HERRERA. In the public housing program, I would also like to state that it should be part of the public housing subsidy that is provided to housing authorities. There should be some specific line item added to the public housing operating budget that would have a provision of it in it for service coordination. That could be a revision of the current tenant services portion that is currently in the public housing operating budget.

In the section 8 programs, what I would like to see in the legislation is a specific provision that allows section 8 project reserves to be used both for retrofitting and service coordination. The one building that we are in the process of retrofitting right now has been done entirely through the reserves that the building had built up over its ten years of operation. The only reason we were able to use those reserves is because that building goes through our state housing finance agency and not directly through HUD. HUD prohibits the use of project reserves for the retrofitting of buildings such as what we are doing.

The other thing is that we are also tapping into other foundation resources for operating costs and we will be utilizing some funds from the Robert Woods Johnson Foundation. So I think encouragement of resources where people can research those other sources would also be important.

Senator CRANSTON. Thank you very much. Senator Sarbanes, do you have any questions or comments for this panel?

OPENING STATEMENT OF SENATOR SARBANES

Senator SARBANES. Well, Mr. Chairman, I am sorry I wasn't here for the presentation, but I was chairing another hearing, and since that hearing couldn't happen if I weren't there to chair it, it sort of dictated my presence.

I want to thank the panel for being with us. I want to sort of leave the panel with a charge as they depart or with a plea, almost. I think Senator Cranston and Senator D'Amato have done an extraordinary thing here in putting together this legislation. I have been privileged to support them very strongly from its inception. It is clear to my mind that the Nation must really come to grips with this housing problem and it must do it in a comprehensive and a partnership way, which is outlined in the legislation which Senators Cranston and D'Amato have introduced, which I am privileged to cosponsor.

We need your help and the help of your associations and the help of all of its individual members. We need them to tell other Members of the Senate and Members of the House of Representatives and the national administration that this is clearly one of the Nation's highest priorities, and we must come to grips with it, that we are moving back towards being, you know, a Nation one-third ill-housed, if we don't address this problem.

I mean, Mr. Bradfield, you got very bright, able people in every community in America as a part of the American Institute of Architects, people of influence in their community. The same is true of each of the other organizations. Some are really mass organizations. And we need now to start—I frankly think that, you know, we are fast getting to the point where the provisions of the bill

have been worked over and worked over. We have had a staff here that has done just a magnificent job in terms of trying to bring together and develop a consensus, and we need now to develop some of the political will. I know that is not the purpose of this panel, but I think I would be remiss if I didn't try to have the panel members leave with some sense of that, because there may be a chance here to finally put into place a structure for how we deal with housing and to get some resources, maybe not enough to start with. We are confronted with this difficult budget situation. I don't know how long, as a nation, we can go on ignoring our problems and letting them compound, so that we move deeper and deeper into the box, but I would hope you would go back to your respective groups and begin to mobilize.

I may be not fully aware of what is being done. I know some things are being done, but we want even more done, and we hope our colleagues would sort of gain a perception about this legislation and its importance, not only from us communicating with them colleague to colleague, but also from the grassroots, from their constituents, from citizens in their community, people of influence that they know, and people ordinarily presumed without influence, but who under our system really have influence, if they mobilize themselves. That is one thing about the American system in the last analysis.

So hopefully, with your help—we are very grateful to you for your contribution and for your efforts here, and I feel somewhat a little apologetic to ask you to do even more, but this is a very big issue and it is a very large challenge for the country, and I think, because of the efforts of Chairman Cranston and Senator D'Amato and others, we are positioned where we might be able to make a very significant and long-lasting breakthrough in a matter of critical importance to our country and to its people.

So I thank you very much, and I urge you on in this endeavor.

Senator CRANSTON. Paul, I want to thank you for your generous words about the work that Al D'Amato and I have done. I thank you for your part in that, your joining us is a very important part of the effort, and I thank you for urging these people to do even more. We are going to have a real task in getting the resources we need to deal with the housing needs of our country. We can make improvements, we can tinker with programs, we can modify programs, we can revise programs, we can develop new programs, but if we don't get the financial resources, we aren't going to be able to build the homes and provide the supportive services that are needed.

So we need a real mobilization of support. And I would like to express one hope in this regard. I know it is very, very difficult in the deficit situation we face—the many competing needs we face and the reluctance to raise revenues and all the problems connected with adequate funding for many neglected, underfunded needs in our society, not only housing but education and health care and protecting the environment and much else.

Maybe this new era that we are entering into where the Communist world is recognizing that its system is not working, that it's got to make changes, got to look inward and not look outward and not mess around in the Third World and with us is leading to an

opportunity. I hope that President Bush is now moving into that opportunity. The steps he took in Europe, I think, are a fine move in that direction. Maybe we can start redirecting some resources as the Soviet Union does so, under verifiable agreements that we work out, we can begin to divert resources now poured so heavily into military matters into these domestic needs. That is a great hope that I have that perhaps can lead to some new and unparalleled opportunities for the sort of programs that we are talking about today and many others that also need assistance.

I thank this panel very much for your good work and for your contribution today.

We will now go to the second panel. Thank you very, very much.

The next panel is on the subject of housing for the disabled, consisting of Stephen Somers of the Robert Wood Johnson Foundation in New Jersey; Leonard Rubenstein of the Mental Health Law Project, Washington, DC.; Dennis Popp, executive director, Blacks Hills Workshop and Training Center, South Dakota; Kathleen Rollason, executive director, Calvert Association for Retarded Citizens, Maryland; Bill Mitchell, coordinator, Housing Technical Assistance Project, Washington, DC., representing the National Council on Independent Living; and finally, Don Gustafson, executive director, Over the Rainbow, Evanston, IL.

Senator PRESSLER. Mr. Chairman.

Senator CRANSTON. Yes.

Senator PRESSLER. May I ask to make a brief opening statement here.

Senator CRANSTON. Yes.

OPENING STATEMENT OF SENATOR PRESSLER

Senator PRESSLER. Mr. Chairman, I apologize for not being here earlier. I have other committee hearings. In fact, I have to go to one right at this moment and try to come back, which is somewhat—on a Friday, it is a busy schedule.

But Mr. Chairman, I wish to commend you for promptly scheduling this hearing on the housing needs of the elderly and handicapped persons, with emphasis on provisions of S. 566, the National Affordable Housing Act. I share the chairman's concern for moving this legislation, and these are two of the most important subtitles in the bill.

I am especially pleased that one of our witnesses today is from my home State of South Dakota. Dennis Popp has been executive director of the Black Hills Workshop and Training Center in Rapid City, SD, for more than 10 years. When he first became executive director, Black Hills Workshop served 130 adults with developmental disabilities. Today the population has nearly doubled with 255 individuals achieving increased independence in a variety of programs and services.

Long-term direct loans under section 202 have played a major role in allowing people with handicaps to integrate into the community. With such financing, Black Hills Workshop has built three housing projects, provided 52 residential units to individuals with handicaps. Black Hills Workshop and Training Center has been na-

tionally recognized for its quality services in the provision of government contracts.

One of the highlights in its 30-year history was being selected in national competition to receive the Severely Handicapped Large Work Center Award in 1983.

Black Hills Workshop is one of the few agencies accredited by the National Accrediting Council on services for people with developmental disabilities. We are proud to have such a high quality program in South Dakota under the able direction of Dennis Popp. Black Hills Workshop has become an important leader in providing comprehensive services to those with disabilities. It is a fine example of joint Federal, State and local partnership in the provision of these services.

I look forward to hearing the testimony of all the witnesses, but I just wanted to say how proud I am of Dennis and his group's work, and I shall have to depart and return, but I am listening and reading the testimony very closely. Thank you, Mr. Chairman.

Senator CRANSTON. Thank you very much, Senator Pressler.

Paul, you also have a constituent here.

Senator SARBANES. Well, Mr. Chairman, I will be very brief, because the morning is drawing nigh, and I am anxious to hear the panel, but I did want to say just a few words of welcome to the panel, particularly to Kathleen Rollason, who is an extraordinarily effective executive director of the Association for Retarded Citizens in Calvert County. They have an excellent program. She has had a lot to do with it, and she is a very perceptive person, and we are pleased that she is part of this panel. I am looking forward to her testimony this morning.

Senator CRANSTON. Thank you very much, Paul.

Let me remind you of the 5-minute rule. Please do your best to stick to it and watch for that red light, which means your 5 minutes are up. We will start with Mr. Somers.

STATEMENT OF STEPHEN A. SOMERS, PH.D., SENIOR PROGRAM OFFICER, THE ROBERT WOOD JOHNSON FOUNDATION, PRINCETON, NJ

Mr. SOMERS. Thank you very much, Mr. Chairman. In the interest of truth in advertising, I want to let you know that I am going to be speaking about housing programs for the elderly as well as the handicapped.

It is a pleasure to be here testifying today. Having served as a housing aide to one of your distinguished colleagues during the early 1980's, I am extremely impressed by the mere fact that the comprehensive housing legislation has been developed, let alone seriously considered in this Congress. I congratulate you, your colleagues and your staff for this accomplishment.

I am now working for the Robert Wood Johnson Foundation, which is a health care foundation. The fact that I am testifying before the Housing Subcommittee also says something about the innovative thinking embodied in your initiative.

We are today focusing on supportive housing. That fact brings to mind a paraphrase of Churchill that I heard recently during a speech on this country's long-term care system. Churchill observed

that Americans will always do the right thing, but only after they have exhausted all the other possibilities.

We have an inside out system of long-term care in this country. We prefer high tech acute care solutions for the few while providing no supportive care for the most who have or will develop chronic care needs.

Your interest in supportive housing suggests that we have begun to exhaust all other possibilities. Delivering services where people live may sound like a simplistic solution to some of our long-term care problems, but it also makes a lot of sense. Supportive housing is a focal point of European systems of long-term care, and more importantly, Americans want to stay in their homes. We are finding in one of our own demonstration programs that older Americans are willing to pay for supportive services that they think they need to remain independent.

The program I am speaking of, the Supportive Services for Older Persons Program is an effort to demonstrate that a private market can be established for supportive services. People are buying home-related services; they are not buying case management. Interestingly, 33 percent of the purchasers have incomes below $10,000. A significant number have incomes below $5,000.

What does this tell us? People want to stay home. They know what they need in order to do so, and they are willing to pay for it or to get their adult children to help them pay for it. That is an important lesson for us. There are two others that I think are also important.

One, people don't want to be "cases" to be managed. This should disabuse us of the medical model in which professionals assess needs and determine a service mix.

In addition, given our limited public resources, it is good to know that people will dig into their own pockets to help pay for services that they know they need.

We are now trying to apply these same lessons in another program called Supportive Services in Senior Housing. We recognize that different populations have different resources and different capacities to pay for things. Therefore, we are trying to tap the excess reserve funds in section 8 and section 236 housing projects for the elderly to help pay for these services. Management is interested and willing to do so because they want to avoid becoming de facto nursing homes without services.

Again, as in the former program, we are conducting market research to see what people are willing to pay for. So far, housekeeping and transportation are very important issues. Again, case management is not something that people want.

We recognize that not all disabled people have the means or the wherewithal to determine what it takes to remain independent. Some need more support and supervision. We have a program for persons with chronic mental illness, in which we have a public-private partnership with the U.S. Department of Housing and Urban Development. HUD contributed $75 million in section 8 certificates. We are finding that housers are willing to rent to the chronically mentally ill, if they can get guarantees that services will be provided. Those guarantees must come from the mental health service agencies in the communities. By adding a low-interest loan

component, we are going to create roughly 4,000 new units of housing for persons with chronic mental illness in the nine cities participating in the program.

In both programs, the supportive services in senior housing and the program on the chronic mental illness, a major objective is to break down conceptual barriers between service providers and "bricks and mortar" housers. Service agencies are now developing housing and housers are providing services. In order to address this issue in the future, we must blend financing for services and housing at the outset. This concept is becoming reality. People are now developing housing for moderate income elderly people with private payments for services being built into the rent structure or into condominium fees or sales prices. In another model, private developers are overcapitalizing projects to create service endowments and generate revenue streams on into the future for the provision of services.

Public entities are also considering dual subsidies for housing and services for the most needy.

Real progress in this area will take these kinds of innovative thinking. In a time of limited resources, it will also take public-private collaboration. I think it is doable, and I am delighted to be able to contribute to this dialog.

Thank you very much.

[The complete prepared statement of Stephen A. Somers follows:]

TESTIMONY
to
U.S. SENATE COMMITTEE
ON
BANKING, HOUSING, AND URBAN AFFAIRS
Subcommittee on Housing and Urban Affairs

by Stephen A. Somers, Ph.D.
Senior Program Officer
The Robert Wood Johnson Foundation
P. O. Box 2316
Princeton, N.J. 08543

Mr. Chairman, thank you for inviting me to testify today on integrating supportive services into housing for special needs populations. My name is Stephen Somers. I am a Senior Program Officer at The Robert Wood Johnson Foundation and I have primary responsibility for programs in a wide range of areas including those I am going to discuss today. I have two major objectives in testifying today:

(1) to convey the underlying rationale for blending housing and services for populations with chronic care needs; and

(2) to describe the fundamental features of foundation efforts to promote the integration of services into special needs housing.

Before I take up those tasks, perhaps I should say a word or two about The Robert Wood Johnson Foundation. For the record, an Annual Report and a recent statement of the Foundation's grant-making strategies by its President, Dr. Leighton E. Cluff, are available for your staff. The Foundation is the country's largest in the health care field and has since its

inception as a national institution in 1972 made grants totalling $962 million. The majority of the grants have been for health service demonstration programs. But significant funding has also been directed to training and health services research. Well over $100 million of our grants have supported demonstration programs in the aging arena.

Up until the early 1980s, the rationale underlying many of our demonstrations was to design and implement new models, evaluate them properly, and, if successful, disseminate them for broader replication by the federal government and others in the public sector. For example, we supported some early work on the hospice model, and on HMOs and social HMOs.

Today, however, it is clear that we can no longer rely solely upon public funding for the broader implementation of important social service initiatives. The federal deficit and competition from equally pressing social needs have compelled us to consider other means for beginning to address problems such as the gaps in our nation's system of long-term care. Where possible, we attempt to design demonstration programs that: (a) enable individuals to help themselves; and (b) build upon the current system's resources, assuring that available public funds are more efficiently used and targeted to those most in need. The programs I am going to discuss today all strive to meet these objectives.

In general, this nation looks for pluralistic solutions to problems. Because chronic care involves individual needs and preferences regarding living arrangements and life style, and because it calls for a much broader mix of services than does acute care, the pluralistic approach is even more

appropriate. Furthermore, because maintaining personal autonomy should be a primary goal of all chronic care programs, we feel strongly about encouraging individuals to exercise choices about desired services. For the disabled, many, if not most of those services would ideally be delivered in their own homes.

Delivering services where disabled individuals live may sound like an overly simplistic solution to this country's inadequate long-term care system; it might also make a lot of sense. Many European countries have made service-enriched housing a fundamental feature of long-term care. Not surprisingly, frail and disabled Americans also clearly prefer to remain in their own homes and communities as long as possible.

This concept acknowledges two fundamental needs of the disabled and the frail elderly: housing and services. Housing, when appropriately designed, can contribute to functional independence (e.g. ramps, accessible fixtures, etc.). Indeed, housing, by itself, can be considered a health-related service, but, for many, it is not enough. The ability to live independently varies widely according to age, income, living arrangements, available services, disabilities, and -- especially important -- the availability of informal care from spouses, relatives, and other nonprofessional caregivers. By and large, relatives and friends provide up to 75 percent of these informal services. In their absence, formal service needs may include, for example, care coordination, home health and personal care, emergency response systems, counseling, companionship, and transportation.

In senior housing, where the amount of informal care appears to be low and private resources are limited, some substitutes are vital. Projects in housing developments with large concentrations of elderly could take advantage of economies of scale and provide for more efficient and affordable service delivery.

Of the nearly 30 million older Americans, two to three million live in senior housing complexes constructed with federal assistance. In a number of these complexes, residents' average age is now over 80, yet these projects originally were designed without taking into account the eventual supportive service needs of those with health problems. Increasingly, "bricks and mortar" housing managers face a choice of providing new kinds of supportive services or evicting functionally dependent or health-impaired tenants, thereby forcing their premature institutionalization.

The Foundation's Supportive Services Program in Senior Housing (SSPSH) is a $3.2 million national initiative being conducted with the assistance of Brandeis University Center on Aging the National Council of State Housing Agencies and ten (10) state housing agencies across the country (CO, IL, MA, ME, NH, NJ, PA, RI, VA and VT). In recognition of the health and mental health problems associated with "aging in place," the goal of this recently funded Program is to help develop efficient and financially sustainable health service models in publicly assisted, privately owned senior housing projects (funded principally under the HUD Section 236 and Section 8 New Construction Programs).

The explicit objective of this initiative is to demonstrate that housing finance agencies, working with housing project owners and managers and local service providers, can organize and finance necessary services that elderly frail residents want. A unique aspect of this Program is its emphasis on leveraging private financing both from state and local housing project reserves and from resident fee-for-service payments. Based on commitments made by the ten grantees, we expect to raise $10 to $15 million in reserve funds to help pay for services over the life of the Program.

In addition, based on preliminary data from an earlier foundation initiative, the Supportive Services Program for Older Persons (SSPOP), we believe that it is realistic to expect even lower income older persons to purchase services. Under this Program, home health agencies conducted extensive market research in order to design supportive services products and are now demonstrating that a private market for such services can be established for elders in the community. Interestingly, the most popular services to date have been related to maintaining the home environment (e.g. housekeeping, yardwork, etc.). To date, roughly 33 percent of the purchasers have been individuals with annual incomes below $10,000; a significant number have incomes closer to $5,000 per year. Our preliminary interpretation of this data is that:

- older people want to remain in their homes, they know what help they need in order to remain independent, and they are willing to pay for such essential support themselves.

We are not suggesting that all disabled elderly persons at the poverty level can buy all the help they need or even know what special services they need in order to stay out of the nursing home. Nonetheless, these early findings could represent a critical development for several reasons:

(1) we should not be overly wedded to the "medical model" for determining what supportive and long-term care services are needed by the frail elderly. By conducting market research, designing products according to demand, and letting elderly people "vote with their pocketbooks" we may do more to enhance their capacity to be independent than if all the well-intentioned case managers in the area were at their disposal. People clearly do not want to be "cases" to be "managed," and their sense of autonomy seems better served by the opportunity to make service decisions themselves.

(2) because public sector resources are constrained at all levels, it is reassuring to find that many older persons in the community are willing to dig into their own pockets to pay for services.

Returns from early market research in the ten senior housing sites are positive. Again, residents do not want case management. However, there are indications that there will be a demand for help in accessing services, and for housekeeping and transportation. Housing managers perceive the need for household help, and for mental health services to combat isolation and lack of community activities. All the projects are still struggling with what combinations of private funds (reserves, fee-for-service

payments), publicly available services, and volunteers will best meet the demand. Both residents and management want to avoid being in "nursing homes without services" or, on the other hand, becoming "unlicensed nursing homes."

This Program, HUD's Congregate Housing Services Program, and other like-minded initiatives for aging residents are all facing similar dilemmas -- how to deal with service needs that were not contemplated when the projects were designed and financed. There have been similar problems in the development of housing for the mentally and physically disabled. Although improvements are being made with the respect to architectural design, especially for the physically disabled, there is no overall policy for developing service-enriched housing for these populations.

In recognition of this shortfall, the Foundation and the U.S. Department of Housing and Urban Development (HUD) formed a partnership to promote the development of community-based systems of care, including housing, for persons with chronic mental illness. The Program on Chronic Mental Illness is a five-year, nine-city initiative (Austin, TX; Baltimore, MD; Charlotte, NC; Cincinnati, Columbus, and Toledo, OH; Denver, Co.; and Philadelphia, PA) supported by $20 million in Foundation grant funds, $9 million in low-interest housing loans also from the Foundation; and approximately $75 million in federal rent subsidies under the section 8 certificate program. During the course of this program, we expect the sites to develop between 3,000 and 4,000 units of new housing for persons with mental illness. A critical feature of the project's ability to leverage private financing for

the bricks and mortar (principally acquisition and moderate rehabilitation) has been the willingness of the mental health authorities to guarantee the provision of necessary supportive services.

The Foundation and HUD may conduct a similar partnership to develop congregate housing for dysfunctional homeless families across the country. Again, the financing for the needed supportive services (e.g. prenatal care, maternal and child health, day care, etc.) would have to be marshalled by cities receiving grant support.

Common to all of these efforts to house disabled populations is a status quo of fragmented services that have restrictive eligibility criteria and are difficult to access. This situation is attributable to two interrelated phenomena: (1) public-sector budgets for housing and for health and social services are separate items overseen by separate legislative committees and executive agencies; and (2) private housing developers and financiers worry about assembling bricks and mortar and the money to pay for construction and building maintenance (they are not trained to factor in service needs or costs). Unless concerted efforts are made to bridge gaps, both conceptual and financial, between housing and health services, we are doomed to face an ever-increasing demographic problem with these after-the-fact, patchwork solutions.

It is apparent that considerable progress is being made on the conceptual front. Supportive or "service-enriched" housing is now on the policy agenda. What remains to be done is to seek out and support innovative financing mechanisms that will make the abstract ideas into a tangible

reality for residents of future housing projects for elderly and disabled persons. Fortunately, some progress is being made on this front as well:

- in new projects for moderate income elderly persons, the costs of health-related services are being added into the sales price of a unit, rental payments, or condominium fees.

- developers can over-capitalize a project to create an "endowment" which will continue to generate a modest stream of funds to help pay for health-related services; and

- public assistance for income eligible, disabled persons can be combined in such a way as to subsidize both the housing and the health-related services.

The integration of such services into housing can only be accomplished on a wide scale if the financing for both "bricks and mortar" and for supportive services are blended at the outset. A variety of mechanisms for permanently integrating the financing must be demonstrated. Under most of these mechanisms, private funds can be leveraged and the government's responsibility for financing chronic care services can be reduced. In housing for disabled populations with high service needs and little or no private income, (e.g. persons with chronic mental illness), housing developers must obtain firm commitments from public agencies to provide the necessary streams of funding for services.

As a foundation whose focus is health care, it is somewhat difficult to address these issues alone. However, we are working with other foundations as well as the public sector both to integrate these structural mechanisms for financing needed services into the basic housing costs and to make more efficient use of existing public programs. It is gratifying to be in a position to contribute to innovative efforts to blend housing and health services for needy populations. It will take the continued interest and support of leadership in both sectors to make service-enriched housing a viable option in our nation's system of long-term care.

THE VIEWS EXPRESSED IN THIS STATEMENT ARE THOSE OF THE AUTHOR, AND OFFICIAL ENDORSEMENT BY THE ROBERT WOOD JOHNSON FOUNDATION IS NOT INTENDED AND SHOULD NOT BE INFERRED.

Senator CRANSTON. Thank you a great, great deal. Mr. Rubenstein.

STATEMENT OF LEONARD S. RUBENSTEIN, LEGAL DIRECTOR, MENTAL HEALTH LAW PROJECT, WASHINGTON, DC, ACCOMPANIED BY BONNIE MILSTEIN

Mr. RUBENSTEIN. Thank you, Mr. Chairman. I am Leonard Rubenstein. I am legal director of the Mental Health Law Project, which is a nonprofit public interest law firm which for the past 15 years has represented the interests and rights of individuals with mental disabilities.

I should add that with the Robert Wood Johnson Foundation and the cooperation of the Social Security Administration, we are in the midst of helping recipients of back benefit awards pool those awards for permanent housing.

I am accompanied today by Bonnie Milstein, who directs the Project's efforts to assure equal opportunity in housing for people with mental disabilities.

We appreciate the opportunity to testify today, and we applaud the sponsors of the National Affordable Housing Act to develop a housing strategy that addresses many of the causes of the current housing crisis in this country for people with disabilities. That crisis we all know quite well. Studies consistently show that about a third of the homeless people in this country have mental illness. We know that despite professional recognition that large institutions for mentally retarded people are usually detrimental to the residents' well-being, they remain in existence because of the shortage of housing for residents in the community. And we know, furthermore, that hundreds of thousands of people with disabilities live in substandard board-and-care homes or with aging parents who are unable to care for them, and that the frequent combination of poverty and disability renders these individuals at a severe disadvantage in the private housing market.

Unfortunately, though, we have no national policy for housing for people with disabilities, and we don't even have well-accepted principles to formulate such a policy. I think we should begin, then, to look at some policies on which legislation should be based and see how they affect the provisions of the National Affordable Housing Act.

I think we should start with the National Institute of Mental Health statement, which I have appended to my statement, which attempts to establish some principles for housing. That statement applies to people with mental illness, but it could apply equally to people with other mental disabilities.

NIMH starts with the proposition that people with these disabilities should live in the same environment as available to the general public if appropriate supportive services are readily available and are provided in a flexible, individualized manner.

Unfortunately, we have not abided by that principle in the past. So I would like to articulate five principles which we should try to adhere to and recognize in formulating a policy.

First, the problem of housing for people with disabilities, whatever else it is, is a problem of poverty. Most people with long-term

mental illness or other mental disabilities either work at very low wage jobs or are dependent on Social Security Disability Insurance or Supplemental Security Income. That means that people with disabilities ought not to be excluded from generic affordable housing problem nor that the programs designed exclusively for people with disabilities should be the only ones available to them. That is why we favor the bill's inclusion of rental credit set-asides for people with disabilities.

Second, Federal policy ought to promote integrated housing. By that, I mean housing with nondisabled members of the community, not just special projects unique to them. For years, we have recognized that people with disabilities are most able to live productive and meaningful lives when they are integrated with necessary supports in a community with other citizens. This is reflected in much Federal legislation, including the Education for All Handicapped Children's Act, the Rehabilitation Act, and the recently introduced Americans with Disabilities Act.

But that problem is not reflected in housing facilities.

The section 202 program not only restricts integrated housing but absolutely prohibits it. That means that no project which mixes disabled and nondisabled people in generic housing is permissible under the present 202 program, and we urge the committee to make sufficient changes in that program so that integrated housing is possible under the act.

The Cranston-D'Amato bill includes funds under the McKinney Act revisions which we think would be appropriate to the 202 revisions. Under the McKinney program, funding is available for a home designed solely for handicapped persons or for dwelling units in a multifamily housing project or other kinds of projects. We think a similar expansion of the 202 program is warranted.

Senator CRANSTON. I would like to say on the matter of integration, the bill does not yet do that, but it should, and we will take that into account.

Mr. RUBENSTEIN. Thank you, Senator.

Third, the housing ought to be permanent. As the NIMH principles emphasize, stability of housing is as important to a person with a mental disability as it is for the rest of us. So we should move away from what is called transitional housing to permanent housing.

Fourth, the housing should encourage choice by the individual. The NIMH statement emphasizes this, and I think, unfortunately, that has also been lacking in past policy.

Fifth, housing funds ought to be made available to meet the enormously differing needs of people with disabilities. The programs must be flexible. Unfortunately, now we have rigid categorical programs which almost preclude even a mix of people of varying types of disability. The kinds of services needed by people with mental disabilities also varies enormously. Some need intense support and some need very little support at all. Unfortunately, the way the program is structured, the providers of housing under 202 must develop a plan well in advance of construction stating exactly how they are going to service the population. That kind of requirement tends to skew the kinds of services which are ultimately provided.

In addition, there is a significant problem that HUD is not in a position to judge the quality or nature of services.

What we strongly urge is that people with disabilities have services made available to them and that housing be coordinated with services. We don't think that HUD is the proper agency to tell housing providers in advance what kind of services ought to be available.

We have other suggestions for the bill, and we have set them out in the written testimony.

I see I am over my time, so I will stop here. Thank you, Senator.

[The complete prepared statement of Leonard S. Rubenstein follows:]

STATEMENT OF LEONARD S. RUBENSTEIN

LEGAL DIRECTOR

MENTAL HEALTH LAW PROJECT

REGARDING THE NATIONAL AFFORDABLE HOUSING ACT

S.565 AND S.566

BEFORE

THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

OF THE SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

June 2, 1989

Members of the Housing Subcommittee, my name is Leonard Rubenstein. I am Legal Director of the Mental Health Law Project, a non-profit, public interest law firm which has represented the interests and the rights of individuals with mental disabilities for the past 15 years. I am accompanied by Bonnie Milstein, who directs the Mental Health Law Project's efforts to assure equal opportunity in housing for people with mental disabilities.

I am also appearing on behalf of the National Mental Health Association, a private, voluntary organization providing leadership to confront the entire range of mental health issues at local, state and national levels.

We appreciate the opportunity to testify on the National Affordable Housing Act. We applaud its sponsors for having the foresight to develop a housing strategy that addresses many of the causes of the current housing crisis in this country. It has already generated constructive discussion of the housing needs of all Americans. My testimony today concerns the impact of the bill on people with mental disabilities, which includes people with developmental disabilities (mental retardation, autism and other developmental disabilities) and mental illness.

Housing for people with disabilities, particularly mental disabilities, has been in crisis for over a decade. The incredible shortages of housing are well known: studies consistently show that about a third of homeless people in this country have mental illness; that, despite well-accepted professional recognition that large institutions for mentally

retarded people are usually detrimental to the residents' well being, they remain in existence because of the shortage of housing for residents in the community; that hundreds of thousands of people with disabilities live in substandard board and care homes or with aging parents who are unable to care for them; and that the frequent combination of poverty and disability renders these individuals at a severe advantage in the private housing market. The crisis has reached such an extreme that state, local and non-profit agencies responsible for providing services to people with mental disabilities have been forced, despite lack of expertise or capital for this purpose, to take upon themselves the job of trying to provide housing for their clients.

The problems, in part, result from the lack of any consistent federal policy on housing for people with disabilities. The National Institute of Mental Health in 1987 issued a statement of guiding principles for a housing policy, which emphasizes that people with long-term mental illness should be provided housing "i.. the same living environments available to the general public, if appropriate supportive services are readily available and are provided in a flexible, individualized manner."[1] But neither the Department of Housing and Urban Development nor Congress has yet adopted this principle.

Even worse, the federal programs for providing housing for people with disabilities all too often seem to work at cross-

[1] A copy of the NIMH statement is attached.

purposes with some of the other values and policies we have pursued regarding the treatment of people with disabilities. For example, while §504 of the Rehabilitation Act of 1973, and more recently, the Fair Housing Amendments Act of 1988, seek to promote integration of people with disabilities in the community, the §202 program not only promotes segregated housing, but prohibits integrated housing. Similarly, while the NIMH Guiding Principles emphasize that "changing service needs of individuals should be viewed as separate from their need for stable housing," so that they should "not be forced to change living situations when their service needs change," the McKinney Act places as much or greater emphasis on what is called "transitional" -- but really means temporary -- housing as it does on permanent housing for homeless mentally ill people.

Against this background, I would like to try to address some components of a housing policy for people with mental disabilities and how the National Affordable Housing Act can carry out such a policy.

First, the problem of housing for people with disabilities, whatever else it is, is a problem of poverty. Most people with long-term mental illness and with mental retardation either work at low-wage jobs or are dependent on Social Security Disability Insurance or Supplemental Security Income. While many people with mental disabilities also need services to improve social and vocational skills and to cope with their disability, it is the absence of sufficient income which usually precludes their

obtaining housing.

It follows that national policy ought not to consider special needs housing as a unique and separable matter from low-income housing. That means that people with disabilities ought not to be excluded from generic affordable housing programs, nor that programs designed exclusively for them should be the only ones available to them. Not all impoverished people with disabilities need the kind of intense services contemplated by the §202 program, but they all need affordable housing.

Second, federal policy ought to promote integrated housing. By this I mean housing with non-disabled members of the community, not special projects unique to them. For years, we have recognized that people with disabilities are most able to live productive and meaningful lives when they are integrated with necessary supports, in the community with other citizens. This policy is reflected in the Education for All Handicapped Children Act, the Rehabilitation Act's concept of reasonable accommodation, in federal equal employment law and elsewhere in the recently introduced Americans with Disabilities Act.

This value was explicitly applied to housing last year when Congress included a prohibition against segregation in the Fair Housing Amendments Act. Unfortunately, it has not been reflected in housing finance policies. Although the Rehabilitation Act was passed in 1973, HUD did not issue regulations for its enforcement in HUD-subsidized housing programs until June 1988. Thus, the integration of housing consumers with disabilities has lagged,

especially when their integration is compared to the integration of students with disabilities into the public school system.

As I indicated earlier, this problem is reflected in the section 202 program, which prohibits integrated housing. What I mean is that funds are not available under section 202 unless all units in a funded project are reserved for people with disabilities, usually people with the same disability. Thus, for example, section 202 funds may not be spent to finance 5 or 10 units of a 50 unit multi-family dwelling, the remaining units of which are available to other low-income families or to the public generally. Instead, section 202 requires concentration and segregation of housing of up to 25 units in a single place.

Third, the housing ought to be permanent. As the NIMH Principles emphasize, stability of housing is as important to a person with a mental disability -- perhaps even more so -- as it is for the rest of us. Federal support, therefore, should move away from temporary or transitional housing and toward permanency and stability.

Fourth, the housing should encourage choice by the individual. According to the NIMH statement,

> In accordance with a rehabilitation approach, and within the constraints of available options, the individual should exercise choice and control over his/her environment, deciding whether to live alone, with peers, or with a family (the latter would be a shared decision between the family and the individual). Exercising choice and control enhances personal dignity, self-esteem, and self-confidence, and promotes movement toward increased independence for the individual.

This means that people with disabilities should have access to all forms of affordable housing as well as "special-needs" housing. Unfortunately, HUD has often taken the position that since "the handicapped have their own housing," they do not "belong" in regular housing. Sometimes this view is accompanied by the belief that HUD is under no obligation to ensure that consumers with disabilities are guaranteed the equal opportunity to live in the housing of their choice. Both the Fair Housing Amendments Act of 1988 and Section 504 of the Rehabilitation Act, as interpreted in HUD regulations provide the statutory bases for exactly such obligation.

Fifth, housing funds must be available to meet the widely differing needs of people with disabilities. In a word, the programs must be flexible. Instead, we have developed categorical programs which are prohibitively rigid and inflexible. This is particularly true with respect to the provision of support services for people in Section 202 housing.

The kinds of services needed by people with mental disabilities varies enormously. Some need intensive support and daily visits; some need no regular services at all. In either event, though, the goal of integration will be accomplished, as the NIMH principles emphasize, only if the people receive the services they need irrespective of the housing they live in. In other words, in creating programs for housing for people with disabilities, we urge the Committee to focus on the housing part of the program with services provided as necessary and not to try

to create full-blown "residential programs" as opposed to housing.

The existing 202 program now focuses heavily on the services plan (in the present round of fund reservations, 25% of the points are related to the service plan). We understand why this is so. For many years, psychiatrists, advocates, planners, state officials and others have decried the "non-system" of mental health care and the need for better coordination of services and responsibility for those services among the many programs and entities which provide those services.

We certainly agree. But we believe it is a serious mistake to extend that philosophy to force a housing program to become something else entirely. It places on the housing sponsor far too much responsibility for the entire program of services. It seems too much to ask that they be responsible for doing any more than showing that they have a commitment from a local service provider agency to provide whatever services may be necessary for the residents of the housing. To do more enormously complicates an already difficult and complex application process and at the same time skews the responsibility for arranging the services by placing it in an agency without that expertise. That, it turn, increases the cost and difficulty of applying for funds and no doubt discourages some housing providers from getting involved in the process at all.

What has been proved in the area of education is equally true for housing: that we can, indeed we must provide needed

services, but that we can do so without compromising the goal of integration and equal opportunity. The experience of individuals with disabilities of all ages and with all types and degrees of disabilities has been that the best training for learning socialization, integration and independence skills occurs in normal, mainstream environments.

The remainder of our testimony focuses on some specific ways in which the National Affordable Housing Act can increase the development of integrated, low cost housing for people with disabilities.

1. Civil rights protections for people with disabilities

While we agree that the bill appropriately includes a Supportive Housing for the Handicapped section (Section 521),[2] the bill must also ensure that all housing developed under its aegis be available to consumers with disabilities. In addition to adding language to the statute to reinforce the right of consumers with disabilities to live in every type of housing that is on the market, the National Affordable Housing Act should include compliance with the Fair Housing Amendments Act and the Rehabilitation Act as criteria for its incentive awards in Sections 317(c) and Section 422(h).

Section 317(c) authorizes the Secretary to distribute 20% of HOP funds by an incentive allocation. While "improving housing opportunities for disadvantaged minorities," (Section 317(c)(1)(D)), is one of the selection criteria, improving

[2] References are to S. 566.

opportunities for low income people with disabilities is not mentioned and should be. It would help both minorities and people with disabilities who have difficulty gaining access to adequate housing if enforcing compliance with the Fair Housing Amendments Act were added as another selection criteria.

Section 422(h) creates a "special set-aside" of 3,000 rental credits for handicapped persons. Section 422(h)(2) requires that the credits be distributed under an incentive allocation system. If this system is retained, one of the selection criteria ought to be compliance with or enforcement of compliance with the Fair Housing Amendments Act and Section 504 of the Rehabilitation Act.

In addition to modifying the Act's provisions regarding incentive awards and selection criteria, the Act should include the Fair Housing Amendments Act in Section 381, Nondiscrimination. As it is currently drafted, the bill would prohibit discrimination only in programs and activities funded under the Act. Since one of the major purposes of the bill is to encourage maximum participation among various housing programs and activities in states and localities, the bill should also ensure that those which are not federally funded are similarly prohibited from engaging in discrimination by the Fair Housing Amendments Act.

For example, Section 422(d)(4)(F)(ii) of the Revised Section 8 Program, requires that, as a matter of tenant protection, "maintenance and replacement (including redecoration) shall be in accordance with the standard practice for the building concerned

as established by the owner and agreed to by the agency in advance of tenant occupancy." Without a reference to the Fair Housing Amendments Act, the landlord could believe that he was justified in continuing a "standard practice," such as requiring aural smoke detectors instead of visual detectors, which had the effect of discriminating against an applicant or tenant with a hearing disability. Similarly, the Fair Housing Amendments Act requires landlords to permit tenants to adapt their apartments to their physical or emotional needs, at the tenant's expense. This requirement, too, conflicts with the "standard practice" of most multifamily housing.

2. Changes in the Rental Credits Program

We recommend the following changes in the rental credits programs. First, we recommend that the statutory reference to considering employment opportunities in decisions to grant rental credits be eliminated. Section 422(h) suggests that the credits will be available only to those who can demonstrate that the credits will improve their access both to employment opportunities and to independent living arrangements. We do not believe there is any justification for limiting the rental credit to a limited group of people with disabilities. And we are concerned that the bill's language will lead HUD to read the statutory language to deny housing credits to those who are unable to prove, to HUD's satisfaction, that they qualify for rental credits by showing that housing will improve their access to employment.

Many adults with disabilities search for but are unable to find employment either because of outright discrimination or because an employer is unwilling to provide a reasonable accommodation, such as a shift in work schedules, to employees with disabilities, or because the disability is such that it leaves the individual too debilitated to work. Many individuals with mental disabilities, especially those who have spent years in closed institutions, may never be able to work but, without rental credits, will either be forced to remain in the institution or will become homeless.

Second, we recommend modifying section 422(h)(2), the criteria for making incentive allocations, to require that a portion of the rental credits allocated to each jurisdiction go to people with disabilities. If this proposal were adopted, any unused credits (that is, the difference between the 3000 set-aside and the number of credits used for people with disabilities) could be allocated by HUD.

We also recommend eliminating the authority of HUD to impose "such other information or certifications as the Secretary deems necessary" with respect to allocations for people with disabilities. It is our experience that because of its lack of expertise in the field of disability, HUD has used such discretion to impose unnecessary and contra-indicated conditions on other housing programs for people with disabilities. For example, HUD refuses to grant Section 202 or McKinney Act funds for housing for people with disabilities and people who are

homeless if the housing is located in a 500 year flood plain. In 1985, the Supreme Court held that a city's use of the same standard violated the Equal Protection Clause of the Constitution. City of Cleburne v. Cleburne Living Center, 473 U.S. 432 (1985). Nonetheless, HUD persists in requiring that the developers of such housing follow a costly and time-consuming process to find alternate sites, whether or not such sites exist.

Thus, we strongly recommend that the statute not give HUD this kind of discretion in connection with rental credits. If, after the program has operated for some period of time, it appears that additional criteria should be added to the statute, or that HUD should be authorized to exercise some discretion in this regard, the statute can be amended.

We also read this "incentive allocation" section as requiring contracting agencies to coordinate the activities of the State's housing, health and mental health agencies. This is a far better approach than requiring that housing and support services be combined. If that were the case, and rental credits could be used only where the housing provider also assumed responsibility for providing the support services, and for providing them in his housing, the rental credits would be far more limited in their utility. The numbers and types of housing for which the credits could be used would be much smaller and such a requirement would force people with disabilities to use services provided in their housing rather than services available in the community.

Since many such services are provided by Independent Living Centers, which are not state agencies, and by Developmental Disability agencies which are neither health nor mental health agencies, we also recommend that the bill be revised to include coordination with these agencies as satisfying the incentive allocation criteria.

Further, as we said earlier, this bill does not and should not make housing subsidies contingent on HUD's judgment on the type and quality of services provided to individuals. We firmly believe in the need for appropriate services for people with mental disabilities and have long advocated for their provision. But HUD is not in a good position to judge the quality, appropriateness, extensiveness or coerciveness of those services. Further, it also a mistake to assume that all housing consumers with disabilities need services in order to live independently in the community.

We therefore believe that some clarification is in order. The language should state that the agencies involved certify that they are in a position to provide whatever services are needed and have a track record of providing the range of services likely to be needed.

Finally, it appears that the Special Fair Market Rules, (Section 422(h)(3)), apply only to the rental credits which will be set aside for tenants with disabilities. The aspect of these rules which make them "special" is that they permit the amount identified as a "fair market rent" to be increased to pay for the

costs which are incurred "to satisfy the special design and service needs of handicapped persons.". We strongly recommend that the bill make funds available to address these costs for all rental credit holders, and not just for those to whom the 3,000 set-aside credits are made available.

This is critical to the goals of integration and non-discrimination. People with disabilities ought to be accommodated in this way regardless how they received their rental credits. For example, if a very low income parent obtains a rental credit from the general pool, and needs to modify her apartment because her child becomes reliant on a wheelchair, the statute should permit the Special Fair Market Rules to apply.

3. Supportive Housing for the Handicapped

The Supportive Housing for the Handicapped section represents a significant improvement over Section 202 of the Housing and Community Development Act. Additional changes are necessary, however, before the promise of the National Affordable Housing Act can be fulfilled. First and most critically, the bill mirrors the present philosophical approach to the 202 program as well as its language of promoting segregated housing. For example, the General Requirements section, Section 521(c) says that "assistance made available under this section will be used to meet the special needs of handicapped families by providing a variety of housing options, ranging from group homes to independent living facilities." Unfortunately, that is akin to describing a range from "A" to "B." HUD now construes the

§202 program to preclude any use of 202 funds in a multi-family project in which some units are not designated for people with disabilities, even if those units are funded from sources other than §202. This segregative policy is detrimental to the people with disabilities as well as the community as a whole.

The goal of most individuals with disabilities and their families is to live in housing that is not distinguishable from the typical neighborhood housing. Regardless of the need for services, what the majority of people with disabilities would choose, even those individuals whose mental or physical disabilities seem extreme, is to live in a house or an apartment in a multifamily dwelling that is not designated "handicapped housing." Thus, the statute should clarify that the range of housing that the funds will support range from group homes to apartments to condominia to SRO's to single family homes.

The appropriate definition might be borrowed from the bill's revisions to the McKinney Act. Section 414 (b) of the McKinney Act (in §531 of the bill) makes funds available to "either a home designed solely for housing handicapped persons or dwelling units in a multifamily housing project, condominium project, or cooperative project." The same language could be adopted here.

Second, cost containment rules must be further refined. Congress has already begun to address this problem by amending the Section 202 program to make it easier for sponsors to use Section 202 funds to develop housing for people with disabilities. Yet even after the amendment, HUD's insistence on

cost containment requirements has resulted, for example, in the requirement that bedrooms not exceed 10 feet by 10 feet. Such a bedroom, once it includes a bed and a dresser, is inaccessible to anyone using a wheelchair. HUD has also limited living/dining areas to 60 square feet. That area, too, if it includes a table and chair, is inaccessible to a tenant using a wheelchair. Finally, HUD has required that a counseling room can be provided in 202 housing only if the house parent's apartment is an efficiency unit and not a one-bedroom apartment. Assuming that the supportive services include counseling, private areas for counseling should be available regardless of the layout of the house parent's apartment since that space is theirs, and should not be required to double as a counseling area.

Third, the National Affordable Housing Act should not adopt §202's requirement that applications to the Secretary, under Section 521(f), include a description of the "category or categories of handicapped persons the housing is intended to serve." It should state only that it the housing is intended for people who meet the Act's definition of handicap. People with disabilities do not come in "categories;" individuals with mental retardation are not fungible; they do not each require the same type of housing or have identical service needs. Describing a person by the medical name of his or her disability, moreover, does not help to describe the types of services or housing that person needs. Continuing the use of "categories" of tenants with disabilities will perpetuate stereotypes among HUD officials and

among housing providers that the type of disability one has should or can define one's housing and service needs. We recommend, therefore, that report language encourage HUD to apply cost containment requirements in a manner consistent with the special needs of residents.

Fourth, major revisions should be made in the manner in which the extent, quality and duration of services are judged. As we said earlier, we believe, along with NIMH, that services may be essential to some people with disabilities, but they must be individualized and flexible. There is no way of developing a service plan for people whose specific identities are not known in advance except to specify the range of services which will be available to them. But the bill puts enormous emphasis on providing details about services, including a plan for services, with a guarantee (impossible in view of the annual governmental appropriations that finance them) that the services will exist over the long-term. Rather, the applicant should be required only to assure that all likely services needed for residents will be available to them.

Further, the bill vests discretion in HUD to judge service issues on which it has no expertise. For example, the Secretary is permitted to judge not only the manner in which services are provided, but whether residential supervision of residents is necessary (§521(f)(2)(C)). HUD is in no position to judge what services are needed and should not be allowed to do so.

Fifth, the definition of "handicapped person," Section

522(j)(2), should be changed from the 202 definition on which it has been modeled. The section 202 definition of "handicapped person" is, in part, one who has

> a physical, mental, or emotional impairment which (A) is expected to be of long-continued and indefinite duration, (B) substantially impedes his or her ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions.

This definition, like the use of "categories," has resulted in HUD's distinguishing among people with disabilities in irrational and judgmental ways. For example, Section 202 has required HUD to exercise its discretion in determining whether federally subsidized housing will or will not improve the ability of a person with a disability to live independently. It is dangerous at worst and patronizing at best to vest this type of discretion in an agency. We recommend that the statute substitute the definition of "handicapped individual" from the Fair Housing Amendments Act. This is virtually the same definition used in Section 504 regulations of the Rehabilitation Act of 1973, adopted by the Department of Justice in its government wide guidelines for federally assisted programs. The criteria used in this definition are objective rather than subjective; the definition has been tested and interpreted through litigation in a variety of contexts for the passed 15 years and is well understood; and HUD adopted it for its Section 504 regulations in June 1988. Hopefully, using the same definition of handicapped person in its non-discrimination regulations as in its housing development programs will encourage

HUD towards more integrative, more consistent, and less patronizing directions.

Finally, we strongly recommend that the use of the terms "handicapped," "housing for the handicapped" and "handicapped families" be replaced by language that recognizes that people with disabilities cannot be defined by their disability. Thus, "handicapped" should be changed to individuals or consumers with disabilities; "housing for the handicapped" should be housing for residents with disabilities; and "handicapped families" should be redefined to include any group of individuals living together as a family, any one of whom has a disability.

Thank you for giving us this opportunity to testify. We look forward to working with you on this bill and will be happy to answer any questions that you may have.

Senator CRANSTON. Thank you very, very much. Listening those five principles was particularly helpful and I appreciate that.

I want to go back to you, Steve Somers, and welcome you to the committee. You were a very constructive force when you were working with Senator Heinz here and we are glad you are back. I thank you for your help in arranging those MIT studies that were of great benefit to us in this work.

We will now go to Mr. Popp.

STATEMENT OF DENNIS POPP, EXECUTIVE DIRECTOR, BLACK HILLS WORKSHOP AND TRAINING CENTER, RAPID CITY, SD, REPRESENTING THE NATIONAL ASSOCIATION OF PRIVATE RESIDENTIAL RESOURCES

Mr. POPP. Thank you, Mr. Chairman and other Senators.

I am Dennis Popp, and I sincerely appreciate the kind remarks that Senator Pressler made. I would like to correct one of the previous panel members. Senator Pressler represents South Dakota not North Dakota, and we are very proud of that fact. [Laughter.]

I am here today to represent the National Association of Private Residential Resources, which is a national association of over 500 agencies providing services to more than 40,000 individuals with a wide range of handicapping conditions.

We have submitted for the record our full statement and strongly support the objectives that are found in the National Affordable Housing Act. We are enthusiastic about the various approaches to housing provided for people with disabilities, and we sincerely hope that this act can be passed immediately, if not sooner.

The National Association of Private Residential Resources supports the establishment of a special set-aside, we hope as a minimum guarantee, for people with disabilities in low-income rental assistance programs. With such a minimum guarantee, we urge the retention of special fair market rules that will permit the Secretary to increase the amount of assistance if determined necessary to satisfy the special design and service needs of people with disabilities receiving rental credits. We further support the retention of the definition of "eligible resident" in the Supportive Housing for the Elderly Program that will continue to permit people with disabilities, regardless of whether they are elderly, to live in such projects.

We are also known as NAPRR, which is our acronym, and we strongly support the continuation of a program like the section 202 program, which is designed to aid the construction, the rehabilitation or acquisition of group living arrangements and independent living arrangements developed specifically for people with disabilities who require supportive services related to their housing.

As we know, each individual has their own unique needs. Therefore, housing should also have the flexibility to meet those needs.

Congress should direct HUD to immediately comply with minimum accessibility requirements in the development of any housing assisted by the Federal Government and to permit the construction of adequate space for people's personal possessions. So many times we have been restricted to 100 square feet or less within a bedroom, and now they are talking about, well, wouldn't it be nice if

we could maybe get 9 x 12, or 108 square feet. We are proposing that there be at least 120 square feet, because when you have individuals with ambulation difficulties who must get around a bed to try to make it, let alone to have your personal possessions with all your adaptive equipment, 100 to 108 square feet is just not sufficient space.

Congress must also assure that the HUD cost containment restrictions, which have been pointed out earlier to you this morning, consider the fact that we are building housing that is going to last 40 years, and we are also building housing that must blend appropriately within the surrounding neighborhoods. My agency has built an independent living arrangement complex with HUD support. We have individuals drop by and ask if they can come in and rent a unit, although it was designed for those with disabilities. We are currently designing another HUD project, and we have been told that it must look like a shoe box, a rectangle with no indentations of any sort, in order to comply with HUD containment provisions.

NAPRR also supports the conversion of the direct loan features of the current section 202 program to a capital advance. We support the requirement that the loan be paid back if the housing does not remain available for use for 40 years by very low-income people with disabilities. We think there is a tremendous amount of paperwork that is involved with the section 8 rent subsidies and this direct loan provision would be most appreciated.

People with very severe mental and physical disabilities and multidisabilities must be permitted to live in housing constructed under the Supportive Housing for the Handicapped Act.

We recognize that there are other Federal agencies that are requiring life safety code measures that generally require new construction and possibly under some circumstances with retrofitting. These features are important when we are talking about those with multiple disabilities. It also is important then for the cost containment provisions to take this under consideration.

We recommend that proprietary agencies be permitted to participate in the Supportive Housing for the Handicapped Program and that the law be consistent in this.

We also ask that technical language be included in the act that will permit section 202 projects for people with disabilities that are now in the pipeline to convert their section 8 budget authority reservations to the new subsidy mechanisms authorized under section 162 of Public Law 100-242. We sincerely hope that a minimum of 5,000 units are authorized for this program and will be funded.

Thank you very much.

[The complete prepared statement of Dennis Popp follows:]

National Association of Private Residential Resources

4200 Evergreen Lane #315
Annandale, VA 22003
703/642-6614

BOARD OF DIRECTORS
President
J. Gary Mattson
Vice President Information
James L. Grimaldi
Vice President Policy
Peter "Skip" Sparks
Vice President Services
Dennis E. Popp
Secretary
Bonnie Jean Brooks
Treasurer
David C. Ruppell
Directors
Charles Cannelos
Ronald S. Cohen, Ph.D.
Mark R. Draves
Amy Gennetti
David R. Kelly
Ken Lovell
Dale F. Lowe
Daniel B. Rosen, Ph.D.
Peggy Schneider

REPRESENTATIVES
Kathryn Arba, GA
Walter Baldus, ARRM
Robert Bartles, NAPR
Terry Bassham, TN
Daniel Berkowitz, NY
Elizabeth Borowski, NAPR
Angie Zander Boykin, IN
Judy Bullock, CO
Roland R. Caron, MAPRRFDD
Eleanor L. Compton, AZ
Mary L. Dulfie, SC
Virginia Franks, NC
Larry A. Goehner, MT
Earl Harris, NAPRR
Edward M. Hartman, NJ
Nina Honeyman, OK/APRFMR
Dianna Hoover, NV
Diane Ingulli, MA
Than Johnson, OH
Charlene Kinnally, MAPRFDD
Stephen F. Lasco, AR
Jane E. Lucas, AR
Charlotte McComb, OK/APRFMR
Cynthia McGrath, MI
Michael J. Maley, RFAO
William L. Mazer, VT
Kathy Meath, MAPRFMR
Rolf H. Matzanke, Ph.D., WV
Gary L. Mrosko, IARRP
Lawrence P. Murphy, NH
Robert C. Murray, TX
John J. Niederman, IN ARF
Susan Osby, IARRP
Terry Allen Pell, MD
Anna M. Pfringer, PA
M. Kane Poria, FL
Richard Remmers, IL
H. James Richardson, Jr., KAPRR
Frances L. Roberts, ID
Fred Rumsiema, SD
Larry W. Sampson, WY
James R. Shaver, KS
Steven R. Sheen, WA
Beluria Stephen, DC
Gordon Walling, AL
Terry Whitmore, VA
Michael E. Worthen, RI

EXECUTIVE DIRECTOR
Jon Fritz

STATEMENT RESPECTFULLY SUBMITTED FOR THE RECORD

TO THE SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

THE HONORABLE ALAN CRANSTON, CHAIRMAN

ON THE NATIONAL AFFORDABLE HOUSING ACT

Presented by

Dennis Popp
Executive Director
Black Hills Workshop & Training Center
Rapid City, South Dakota
&
NAPRR Vice President for Services

June 2, 1989

SUMMARY OF NAPRR RECOMMENDATIONS

The National Association of Private Residential Resources respectfully makes the following recommendations for the "National Affordable Housing Act."

- NAPRR strongly supports the objectives of the National Affordable Housing Act and is enthusiastic about the varied approaches to housing support provided for people with disabilities under S.565 and S.566. o All federal housing programs should facilitate use by people with disabilities.
- NAPRR urges this Subcommittee to advance progress for people with disabilities achieved under the Fair Housing Act of 1988 by referencing it in the National Affordable Housing Act and assuring that it is fully implemented.
- NAPRR is strongly supportive of language in Title III, Subtitle A, Section 321 that requires each jurisdiction that participates in the HOME Corporation to make "all reasonable efforts . . . to maximize participation by the private sector, including nonprofit organizations and for-profit entities, in the implementation of the jurisdiction's housing strategy, including participation in the financing, development, rehabilitation and management of affordable housing."
- NAPRR supports the set-aside for nonprofit community organizations proposed in the Housing Opportunities Partnership (HOP) Program.
- NAPRR also supports establishment of a special set-aside for people with disabilities in the Low-Income Rental Assistance Program, as long as this is a minimum, and urges retention of special fair market rules that permit the Secretary to increase the amount of assistance if determined necessary to "satisfy the special design and service needs of handicapped persons receiving rental credits." o NAPRR further supports retention of a definition of "eligible resident" in the Supportive Housing for the Elderly program that will continue to permit people with disabilities (regardless of whether they are elderly) to live in such projects.
- NAPRR strongly supports continuation of a program designed to aid the construction, rehabilitation or acquisition of group living arrangements and independent living settings developed specifically for people with disabilities who require supportive services related to their housing.
- Congress should direct HUD to immediately comply with minimum accessibility requirements in the development of any housing assisted by the federal government, and to permit the construction of adequate space for people's personal possessions.

- Congress must assure that HUD cost-containment restrictions consider the 40-year (or greater) potential life of a home and that these homes blend appropriately with the surrounding neighborhood.

- NAPRR supports conversion of the direct loan feature of the current Section 202 program to a "capital advance." We also support the requirement that the loan be paid back if the housing does not remain available for use for 40 years by very low-income people with disabilities.

- NAPRR is concerned about potential HUD limitations on amenitites and design features added to a Section 202 project that are paid for by other sources.

- NAPRR is supportive of the provision that permits people who are "important to the care or well-being" of a person who is disabled to continue to live in Supportive Housing for the Handicapped, if they were living in a unit assisted under this section at the time the eligible person with a disability died.

- People with very severe mental and physical disabilities and multi-disabilities must be permitted to live in housing constructed under the Supportive Housing for the Handicapped Program.

- NAPRR recommends that when sponsors of Section 202 housing decide to manage that housing themselves, the costs associated with the use of housing consultants be included under permissible operational costs.

- NAPRR recommends that proprietary agencies be permitted to participate in the Supportive Housing for the Handicapped Program.

- NAPRR supports the authorization of capital advances and project rental assistance that will support a minimum of 5,000 units of housing for people with disabilities in fiscal year 1990 and 1991.

- Technical language must be included in the Act that will permit Section 202 projects for people with disabilities that are now in the pipeline to convert their Section 8 budget authority reservations to the new subsidy mechanism authorized under Section 162 of P.L. 100-242.

- NAPRR strongly supports continuation of provisions in the McKinney program that will permit the development of permanent housing for people with disabilities who are "at risk" of becoming homeless.

- NAPRR also supports the use of public housing by people with disabilities, and the development of specialized housing for people with disabilities who live on Indian Reservations or in rural areas of our nation.

- The terminology of the Act that references people with disabilities should be changed to reflect "people first" language.

INTRODUCTION

The National Association of Private Residential Resources currently represents more than 500 agencies in 49 states and the District of Columbia that together provide residential services to more than 40,000 people with mental retardation and other disabilities. Our members offer a full range of residential services in a variety of settings designed to enhance the development and self-dependence of those served.

Many NAPRR members have acquired funding from the Department of Housing and Urban Development and Farmers Home Administration to assist in the development of housing and space for supportive services. HUD and FmHA programs currently provide the only capital funding available to some agencies that serve people with disabilities. Many NAPRR members have successfully utilized the Section 202 Direct Loan program to develop group homes or independent living arrangements — often only after considerable struggle and ending with a structure that they find less than satisfactory. Just a very few have been able to acquire Congregate Housing Services funding to provide necessary support services for some of the people they serve who live in Section 202 or public housing.

The Section 8/voucher program has perhaps provided support to the greatest number of people with disabilities. When available, it is the vital key to self-dependence in an integrated community setting.

The new Supported Housing Demonstration Program authorized in the Stewart B. McKinney Homeless Assistance Act has not been in existence long enough to have been utilized by many agencies that sponsor housing for people with disabilities. In addition, many in the disability community are not yet are aware of the existence of the program as a resource for developing housing for people who are homeless and for people with

disabilities who are at risk of becoming homeless. In addition, many states that had rejected the program during its first cycle were unaware of critical rule-changes that added flexibility in the provision of local matching requirements and were thus unprepared to assist housing providers who expressed interest during the second cycle. NAPRR believes that this program has great potential for new housing development for people with disabilities who are homeless or at risk of becoming homeless. We support its continuation.

The value of the Community Development Block Grant program in assisting people with disabilities is probably the most under-rated by people in the disability field. People with disabilities often are forced by economics or the location of essential resources (e.g., clinics, stores, transportation, etc.) to live in our nation's older urban centers. As cities deteriorate, abandoned buildings often attract undesirable activities, furthering decay and both directly and indirectly affecting people with disabilities and others with low incomes who live in these areas and who cannot afford to follow others who are fleeing from a blighted neighborhood. NAPRR members who have worked with their local communities in the revitalization of deteriorating urban areas report that the inclusion of disability interests in CDBG planning for the development of housing and daytime settings, and the relationships and enthusiasm that are generated during the planning phase, continue after the project has been completed. This is an example of the way federal programs designed for people who are not disabled can assist in the integration of people with disabilities into community life.

NAPRR strongly supports the objectives of the "National Affordable Housing Act" and is enthusiastic about the varied approaches to housing

support provided for people with disabilities under S.565 and S.566. This approach builds on efforts of the disability field to provide equal opportunity and access for all people with disabilities.

HOUSING ACCESS FOR PEOPLE WITH DISABILITIES

As we enter the 1990s we are seeing increased awareness that people with disabilities have been denied equal access to full citizenship. The "Fair Housing Act of 1988," which for the first time brings people with disabilities under the protection of the federal fair housing law, will make a tremendous difference for people who have been faced with discrimination by sellers, landlords and in land-use statutes and regulations. Even special-use permits and restrictive covenants will no longer be enforceable if they limit the ability of people with disabilities to live, like other citizens, where they wish. Congress is to be commended for taking such a strong position in support of the rights of people with disabilities. As the 1988 fair housing amendments are implemented, NAPRR expects to see local opposition to housing for people with disabilities crumble in the face of federal law. We welcome the new opportunities this will provide and ask this Subcommittee to reinforce those amendments by making it clear that all housing developed under the National Affordable Housing Act is available to people with disabilities.

The needs and interests of individuals with disabilities differ greatly, just as do those of people who are not disabled. It is imperative that opportunities be provided within all federal housing programs for people with disabilities. NAPRR is pleased to see that this approach is the one taken in the National Affordable Housing Act. Examples of this integrated aproach that NAPRR supports include the following :

- NAPRR expects to see people with disabilities benefit from the establishment of the proposed Housing Opportunities Partnership (HOP) program, and supports the set-aside for nonprofit community organizations proposed in Title III, Subtitle A, Section 323. Such a set-aside will enhance the likelihood that people with severe disabilities will benefit from the HOP program.
- NAPRR also supports establishment of a special set-aside for people with disabilities in the Low-Income Rental Assistance Program, described in Title IV, Subtitle B, Section 422(h); and urges retention of paragraph (3) special fair market rules that permit the Secretary to increase the amount of assistance if determined necessary to "satisfy the special design and service needs of handicapped persons receiving rental credits."
- NAPRR also strongly supports retention of the Title V, Subtitle B, Section 512(j)(3) definition of "eligible resident" to include the phrase "handicapped (regardless of whether the person is elderly) or temporarily disabled." In many communities of our nation, housing designed for people who are elderly or handicapped is the only available low-income housing option for people with disabilities. Their eligibility for this type of housing must be retained.

NAPRR urges this Subcommittee to advance progress for people with disabilities achieved under the Fair Housing Act of 1988 by referencing it in the National Affordable Housing Act and assuring that it is fully implemented.

PRIVATE-PUBLIC PARTNERSHIP

NAPRR represents private agencies that provide residential services for people with mental retardation and other disabilities. About 60

percent of NAPRR's members are nonprofit agencies, about 30 percent proprietary corporations and about 10 percent unincorporated family care homes. There is a bias in this nation against proprietary organizations that provide human services. NAPRR has long supported the position that there is an important role in human service delivery for the proprietary sector.

NAPRR is strongly supportive of language in Title III, Subtitle A, Section 321 that requires each jurisdiction that participates in the HOME Corporation to make "all reasonable efforts . . . to maximize participation by the private sector, including nonprofit organizations and for-profit entities, in the implementation of the jurisdiction's housing strategy, including participation in the financing, development, rehabilitation and management of affordable housing."

SUPPORTIVE HOUSING FOR THE HANDICAPPED PROGRAM

NAPRR strongly supports continuation of a program designed to aid the construction, rehabilitation or acquisition of group living arrangements and independent living settings developed specifically for people with disabilities who require supportive services related to their housing.

Each year the number of nonprofit organizations that apply for Section 202 direct loans far exceeds the number that receive fund reservations. Our members report that there are substantial waiting lists for the thousands of community living arrangements they operate for people with mental retardation and other developmental disabilities. Some of our members must retain people on waiting lists for two to five years before a housing slot is available. The General Accounting Office reported in February of this year that many people with disabilities are living in substandard board and care homes. Others are living with parents who are

growing too old to care for them; still others are homeless. There is no question that more housing is needed.

Amendments to the Section 202 loan program contained in Section 162 of P.L. 100-242 are now being implemented. NAPRR strongly supported those changes. HUD must have an opportunity to finalize the rules and procedures authorized under Section 162. Only experience will demonstrate whether the 1988 amendments to this program have resulted in the desired outcome.

Cost-Containment Problems

For years our association has been objecting to the ways in which cost-containment policies have failed to reduce overall costs of a project and have resulted in the development of unattractive housing that does not always meet the needs of people who live there. We have had some indications that not all of our complaints have been addressed as Section 162 is being implemented, and that some of the problems remain.

Basic to the development of any housing is the necessity for adequate space to negotiate a room in a wheelchair. We know that a 10 ft. by 12 ft. room is the minimum needed if an individual with ambulation difficulties is to have access to a closet, dresser and both sides of a bed (so that the bed can be made). The addition of other specialized equipment required by many people with disabilities can require yet additional space, as can the inclusion of personal furnishings and possessions. We understand that HUD architects are limiting bedrooms in housing designed for people with mental retardation to no more than 10 ft. by 10 ft., which is inadequate to meet the needs of a person in a wheelchair. Envision, if you will, a 9 ft. by 12 ft. rug. Usually rugs of this size are found in the center of a room, surrounded by some flooring. A 10 x 10 sq. ft. room is 8 sq. ft. smaller than a 9 x 12 rug. That is a significant difference.

We understand that HUD is arguing that people with mental retardation and other developmental disabilities do not use wheelchairs. While not all do, many -- particularly those with cerebral palsy -- use a wheelchair or other assistive devices. They and others usually bring personal possessions to their homes. HUD is failing to provide habitable housing when it denies the development of space that will accommodate a minimal amount of furniture and personal possessions. Housing constructed for people with developmental disabilities must have adequate living space.

Severe restrictions on square footage are not only inappropriate, they violate the spirit of the 1988 amendments to the Fair Housing Act by failing to comply with physical accessibility requirements before the implementation date required under federal law. Congress should direct HUD to immediately comply with minimum accessibility requirements in the development of any housing assisted by the federal government, and to permit the construction of adequate space for people's possessions.

Cost-containment has resulted in other restrictions that will eventually result in greater overall housing costs. Prohibitions against the use of certain construction materials and of features such as roof overhangs will result in increased maintenance and utility costs, for example. Today it is difficult for a housing sponsor to obtain approval of a design that is aesthetically pleasing or which blends into the surrounding neighborhood. When surrounding homes are of brick construction, the HUD-supported home should be of brick as well. Not only will the house blend more appropriately with the neighborhood, the brick construction will require less maintenance than siding and be cost-effective over the life of the home.

All too often Section 202 housing looks more like a temporary barrack than a family home, and is an eyesore in the community. We understand that Secretary Kemp has taken pictures of HUD-sponsored housing off his office walls because the projects are so unsightly.

Congress must see to it that restrictive policies are changed so that federally assisted housing blends into rather than detracts from a neighborhood.

Revision of the Funding Mechanism

The Section 202 program has relied on a low-interest direct loan that is paid through the Section 8 rental assistance program. As with all loans, amortization payments include a substantial amount of interest. The federal government is thus loaning funds to agencies that develop specialized housing which is paid off -- interest included -- by a separate federal funding program of housing assistance payments.

NAPRR believes it is time that the cumbersome and unnecessarily costly direct loan feature of the current program be converted to a "capital advance," as proposed in Title V, Subtitle C, Section 521(b) and (d). We also support the requirement that the advance be paid back if the housing does not remain available for use for 40 years by very low-income people with disabilities.

Supplementary Features Funded By Other Sources

Section (h)(4) permits the use of funds from other sources to pay for additional amenities and features of "appropriate design" in housing developed for people with disabilities.

NAPRR questions the ability of HUD to determine whether added amenities or features are "appropriate" and is concerned about potential

HUD limitations on features added to a Section 202 project that are paid for by other sources.

Participation by All People with Disabilities

NAPRR understands that HUD is reluctant to permit the construction of housing designed to serve people with very severe mental and/or physical disabilities whom they believe require excessive medical services.

Dramatic change has occured in the disability field over the past two decades. It has been clearly demonstrated that even the most severely disabled individuals can live in, and benefit from, homelike settings in the community. This includes people who require a considerable amount of medical support. It is also the population for whom new housing must most often be constructed, since few existing homes provide the accessibility and space requirements needed to permit people who require considerable medical assistance to live in a normalized environment in the community. Medical assistance should not be equated to nursing care or to nursing home environments.

Consideration must also be given to fire-safety requirements that are being mandated. The organizations that develop national life-safety codes are imposing increased levels of physical protection in most types of multi-family housing. They would like to require these features (like sprinkler systems) in all housing but recognize that this would be costly and unacceptable to the general public. Their high standards of protection do extend to any housing that serves more than three unrelated people, and the presence of construction features mandated for people who are slow to evacuate, but not yet required in single family homes, must not be construed to be excessive or to imply a nursing home orientation.

People with very severe mental and physical disabilities must be permitted to live in housing constructed under the Supportive Housing for the Handicapped Program.

Support for Surviving Members of a Household

NAPRR is supportive of the provision that permits people who are "important to the care or well-being" of a person who is disabled to continue to live in Supportive Housing for the Handicapped, as provided for under Section (j)(2)(C), if they were living in a unit assisted under this section at the time the eligible handicapped person died.

Inclusion of Consultant Fees in Operating Costs

HUD has long recognized that human service organizations frequently have difficulty dealing with complex HUD requirements. The use of housing consultants is currently permitted in the construction phase of a Section 202 program.

There is a growing trend for sponsors of Section 202 projects to manage the housing they develop under this program. Often they cannot find management agencies that are willing to manage their projects for a reasonable fee. The size of these projects often will not support a separate management entity. The difficulty is that some small nonprofit agencies that are managing HUD projects themselves do not have the broad administrative expertise available to larger provider organizations, and may have difficulty dealing with complicated HUD procedures and forms. Additional flexibility is needed to provide these agencies with the expertise required to manage their HUD housing well.

NAPRR recommends that when sponsors of Section 202 housing decide to manage that housing themselves, the costs associated with the use of housing consultants be included under permissible operating costs.

Inclusion of Proprietary Entities in the Supportive Housing for the Handicapped Program

We mentioned earlier in our statement that we believe the bias against proprietary human service agencies is unfounded. There are not enough programs nationwide that serve people with disabilities. Our experience demonstrates that there are few differences other than tax status between nonprofit and proprietary agencies that serve people with disabilities.

NAPRR therefore recommends that proprietary agencies be permitted to participate in the Supportive Housing for the Handicapped Program.

Support for Increased Authorization Amounts

As stated at the beginning of this testimony, the need for more community living arrangements for people with disabilities is tremendous and is growing each year.

NAPRR therefore strongly supports the authorization of capital advances and project rental assistance that will support a minimum of 5,000 units of housing for people with disabilities in fiscal years 1990 and 1991.

Problem for Section 202 Projects Now in the Pipeline

There is a problem that has surfaced during implementation of Section 162 of P.L. 100-242. It appears as though current Section 8 statutory language will prohibit the stated intention of Congress to permit projects that received fund reservations in previous years, which are now in the pre-construction phase, to use the new subsidy mechanism "if needed to facilitate the development of such projects in a timely manner."

NAPRR understands that there are between 31,000 and 50,000 units of Section 202 housing now in the pipeline. This represents at least 500 projects, about 2/3 of which are being developed for people with disabilities. Most of the latter have not yet been able to identify an

acceptable site. We also understand that Section 8 fair market rent limitations are responsible for the inability of many of these sponsors to acquire a site that meets HUD's criteria.

Current law requires that all Section 8 budget authority reservations that are "recaptured" be rescinded. HUD tells us that before pipeline projects can convert their Section 8 reservations to the new subsidy mechanism, it will be necessary to amend the Section 8 program so that funds appropriated under it in previous years can be transferred to the new subsidy mechanism, with minimal additional funding appropriated to support necessary project development and operating costs.

Technical language must be included in the National Affordable Housing Act that will permit Section 202 projects for people with disabilities that are now in the pipeline to convert their Section 8 budget authority reservations to the new subsidy mechanism authorized under Section 162 of P.L. 100-242.

SUPPORTIVE HOUSING FOR THE HOMELESS

Fear has been expressed that the McKinney program of Supportive Housing for the Homeless will not long remain in existence if the amount of funding appropriated is not used. As stated at the beginning of our printed testimony, this program is not yet well known by agencies that provide housing for people with disabilities. Many who have heard of it are entirely unaware of its provision that permits the development of housing for people who are at risk of becoming homeless. In addition, new rules that significantly modified matching requirements were published at the time the notice of funding availability was published. This did not give states that are responsible for applying for the Supportive Housing grants time to amend their rules to take advantage of increaed program

flexibility. As a result, it is unlikely that all of the funding appropriated for this program in FY 1989 will be utilized.

Consistent with our position that all federal housing programs should assist people with disabilities, and include facilitating language where that is necessary, NAPRR strongly supports continuation of provisions in the McKinney program that will permit the development of permanent housing for people with disabilities who are "at risk" of becoming homeless, Sections 402 (5), and 403 (b)(1)(B)(iv).

NAPRR members also support language that will permit maximum flexibility in the types of living arrangements available to people with disabilities. Our association supports the principles of normalization and community integration, we are therefore strongly supportive of the Section 414 (b) provision that will permit the development of individual units in multifamily housing projects, condominiums or cooperative housing projects, in addition to the development of housing designed solely for people with disabilities.

ACCESS TO PUBLIC AND INDIAN HOUSING

People with disabilities have accessed public housing, and mental retardation and other mental and physical disabilities are not unknown to Native Americans. NAPRR has identified specialized housing for people with disabilities on Indian reservations, and encourages that type of development.

RURAL HOUSING

People with disabilities often have very low incomes. Consistant with the theme that people with disabilities should have the ability to live wherever they choose, NAPRR supports access to housing in rural areas. NAPRR therefore supports the full utilization of the Farmers Home

Administration Section 502 program by very low-income people (including people with disabilities) through the use of partially deferred mortgages, and by instructing the FmHA to direct its assistance toward designated underserved areas.

PEOPLE FIRST LANGUAGE

The ways in which we speak about disability and people with disabilities influences the way we think about them. Language shapes our attitudes. Congress should take a leadership role in removing the use of labels and language that does not give full regard to the dignity and value of each individual. NAPRR therefore respectfully requests that references to people with disabilities be revised in this Act to reflect terminology used in the field today. For example, the phrase "housing for the handicapped" should be changed to "housing for people with disabilities." A position statement adopted by the NAPRR Board of Directors that further discusses this subject is attached as an appendix to this testimony.

CONCLUSION

As stated at the beginning of our testimony, NAPRR strongly supports the objectives of the National Affordable Housing Act. We appreciate this opportunity to provide our recommendations for ways in which that Act can be improved to enhance the ability of persons with disabilities to enjoy opportunities more readily available to Americans who are not disabled. NAPRR urges reinforcement within this Act of the provisions of the Fair Housing Act that prevent discrimination of people with disabilities, and encourages the addition of language to assure that special accommodations will be made where necessary to facilitate access to all federal housing programs by people with disabilities. We will be glad to assist in any way possible to facilitate the passage of this bill in order to expand housing opportunities for people with disabilities.

National Association of Private Residential Resources

4200 Evergreen Lane #315
Annandale, VA 22003
703 / 642-8614

RESOLUTION SUPPORTING "PEOPLE FIRST" LANGUAGE

WHEREAS people may be demeaned by the use of labels such as "the mentally retarded," "the developmentally disabled," "handicapped individual;" and even such words as "client," "recipient," "resident" and similar terms when used as a label rather than to denote a relationship; and

WHEREAS the use of such labels and language are often demeaning as they reflect individual and societal values and attitudes which do not give full regard to the dignity and value of each individual; and

WHEREAS the use of such labels and language may perpetuate stereotypes and create impressions in the minds of policymakers, the general public, professionals; parents and people with disabilities that a person's disability is more important or noteworthy than his/her value and individual dignity; and

WHEREAS NAPRFMR provides leadership in educating policymakers, other professionals and the general public regarding issues affecting people with disabilities; and

WHEREAS NAPRFMR recognizes that though there will always be misunderstanding and misuse of identifying language, it is committed to promoting the highest level of societal consciousness and regard for the value and dignity of individuals with disabilities.

THEREFORE BE IT RESOLVED that NAPRFMR, and its members when representing NAPRFMR, shall avoid any and all use of language and labels which diminish the individual dignity of or encourage or perpetuate the demeaning of any person; and

BE IT FURTHER RESOLVED that NAPRFMR, and its members when representing NAPRFMR shall, in all verbal and written communication, use language that describes people with disabilities in a manner that recognizes and affirms the value and the individual dignity of people.

Senator CRANSTON. Thank you very much.
Miss ROLLASON.

STATEMENT OF KATHLEEN L. ROLLASON, EXECUTIVE DIRECTOR, CALVERT ASSOCIATION FOR RETARDED CITIZENS, CALVERT COUNTY, MD

Miss ROLLASON. Thank you very much, Senator Sarbanes, for your kind words.

My name is Kate Rollason from Calvert County, the western shore of the Chesapeake Bay, and we there operate a small section 202 housing program for people with very profound disabilities. It was a very good Federal, State, local cooperative effort.

The State, instead of building another institution back in the early 1980's, put money into some supportive services for folks who would have been institutionalized and my board was really proud to jump in and demonstrate that we could serve folks in small family homes and make it work.

I'm here today on behalf of the Association for Retarded Citizens of the United States. The ARC has 1,300 State and local affiliates all across the country and a lot of those State and local affiliates are involved in either advocating or providing community-based housing options. For well over 10 years now the ARC has had as top priority pushing for full community living for all people with mental retardation.

In 1987 the ARC did a national survey and discovered that there were over 60,000 people currently in the community but who were at risk of not having housing and we still have well over 100,000 people living in institutions, folks who have mental retardation who have not had the opportunity to experience community living.

So we are very supportive of efforts here to grant access to people with mental retardation. And people with mental retardation have a wide variety of abilities, of wants, needs, desires. They want to live in all different parts of the community the way we do.

In working with HUD, a number of the local affiliates have had some pretty substantial problems in trying to get housing made available. The problems that you heard about earlier from the earlier panel on projects in the pipeline—it takes a long time even from when you have approval to when folks can actually move in.

In Calvert County, we were fortunate that from when the project was awarded until the doors opened was 4 years. I think that there should be ways where that could happen a lot faster, particularly when we have so many people at risk of being homeless.

Once you have the doors open and people are living in homes, there continue to be what I believe and what other local ARC's believe to be very unnecessary problems.

We have 28 units of housing, so we're small. HUD requires us to maintain six separate projects and total project identities for all six of those projects, which means that the accountant has to track all of that. That's 8 houses, by the way, that there are 28 units in. The auditor gets paid a lot more money because she has to audit it six times instead of once. And that is money that could, in my estimation, better be spent on maintaining the houses and keeping them the nice model houses that they originally were.

I think it would also be helpful if HUD would require us to comply with generally accepted accounting principles instead of coming up with new ones. We comply with generally accepted accounting principles for all the different State agencies we get money from, the United Way, and our private contributors, but then we have to do other things in addition to that, like converting from an accrual basis of accounting to a cash basis of accounting, which takes a whole lot of time and I can't get anybody to tell me why we have to do it. But we do it because we need to comply so that we have housing.

So I would ask that in your efforts you look at making HUD more responsive.

I'd like to make a few other specific recommendations. I will try to not duplicate some of the very eloquent comments that have already been made.

We would like to ask that from the start, when State and local housing strategies are developed, that people with disabilities as a whole and particularly folks with mental retardation are included there. There are still a lot of problems with discrimination of folks within local jurisdictions and we would ask that that be made there.

We would also like to ask that funds through the housing opportunity program certainly also include folks with mental retardation and that throughout the bill that folks with mental retardation have access to things like homeownership, that they have access to the rental credits as a whole based on income. Not everybody with mental retardation needs supportive services. Certainly lots of folks do and, therefore, we are very supportive of supportive housing provisions.

And a special set-aside for the rental credits.

If capital advances are to be made—and we support capital advances because that will help us to get the houses up faster—the cost of the congregate space necessary to accommodate support services we believe should not be included in calculating the development cost limitations. The reason that we make that point is that we believe folks need homes and that supportive services should be provided within homes and not within congregate spaces.

I'm out of time so I will end my comments, but certainly if you have any questions at the end I'd be happy to answer them. Thank you.

[The complete prepared statement of Kathleen Rollason follows:]

TESTIMONY

ON

THE NATIONAL AFFORDABLE HOUSING ACT

SUBMITTED BY

THE ASSOCIATION FOR RETARDED CITIZENS OF THE UNITED STATES

BEFORE

THE SENATE SUBCOMMITTEE ON HOUSING & URBAN AFFAIRS

FRIDAY, June 2, 1989

10:00 am

Presented by
Kathleen L. Rollason
Executive Director
Calvert Association for
Retarded Citizens
Calvert County, Maryland

INTRODUCTION

In 1990, the Association for Retarded Citizens of the United States marks its 40th year of nationwide service to persons with mental retardation. The ARC counts among its membership more than 160,000 individuals across the nation who are part of, or work on behalf of, the over six million United States citizens with mental retardation.

For over a decade, a priority concern of the ARC has been the establishment of community-based services for indivioduals with mental retardation. Concomitant with this goal is the deinstitutionalization of persons residing in large, frequently inadequate residential settings which many persons with mental retardation have been forced to call home.

If these efforts by the ARC and our 1,300 state and local affiliates are to be successful, there must be available the means to develop, within communities across the nation, a variety of affordable, accessible community-based housing options for persons with disabilities. Persons with mental retardation, just as all other citizens in the nation, deserve a place to call home within their own communities.

In 1987 the ARC conducted the "Natonal Status Report on Waiting Lists of Persons with Mental Retardation for Community Services". This was carried out in response to an ARC concern that neither communities nor state or federal governmental entities were aware of the seriousness of this problem. Not only persons leaving institutions are in need of community-based residential services but there are also many young adults exiting public school special education programs who also need to be able to have a place to reside in their own communities as they go about living productive lives. The results of this report showed that 60,000 persons were, at that time, on waiting lists for residential services. It is important to understand that most surveys of this type underestimate the true extent of the need because of differences in reporting procedures.

The people whom we represent, and those who provide services for them, have been dependent on programs available through the Department of Housing & Urban Development (HUD) to spur the development of, and ensure access to a variety of community-based housing options. Unfortunately, these HUD programs have often proven unsuccessful in meeting the housing needs of persons with mental retardation.

Problems faced in dealing with HUD in the past have been related to both policy and programmatic issues. Too often, restrictive policies and poor implementation of the available HUD programs have led to higher costs in relation to procedural compliance than a housing sponsor is able to bear; excessive paperwork requirements; and excessive delays in the development process. It often takes 3 to 4 years from initial application to final closing. These problems have led many potential sponsors of needed housing to drop their plans for development. Fortunately, sometimes these sponsors have been able to find other, creative financing sources. But often the case is that the housing is never developed.

The ARC has worked closely with the Congress and with HUD to resolve these problems. We have been involved with the Section 202 program since its expansion to provide housing for persons with disabilities. The ARC was also instrumental in changes, which were made to this program through the 1n Housing and Community Development Act of 1987 in response to the above mentioned difficulties. These modifications were designed to make the program more appropriate to the housing needs of persons with mental retardation, and to assist in the efforts of non-profit sponsors to develop this essential housing.

Through its state and local chapters, the ARC has become one of the largest sponsors of community-based housing for persons with mental retardation. In 1987, 84 projects for persons with mental retardation were funded through the Section 202 Program. Of these, 31 were ARC sponsored. But the need is greater than this.

Persons with mental retardation and other disabilities must be ensured access to more than one or two very minimally-funded HUD sponsored housing programs. Their housing needs vary, as do those of the population as a whole. Therefore, access must be ensured to all appropriate housing programs.

RECOMMENDATIONS

If the National Affordable Housing Act is to reshape the housing policy of the nation, efforts must be undertaken to ensure that the needs and the rights of persons with disabilities are included in all its major components.

- State and local housing strategies must include the housing needs of persons with disabilities. This specification is not designed to lead to additional categorization. It is designed to ensure that the varied needs of individuals are taken into consideration early in the planning process, and to ensure that discrimination, jurisdictional policies are eliminated as these housing strategies are developed. This would also serve as a clear example of the inclusion of persons with disabilities in all phases of a national housing policy.

- The option of home ownership should not be unavailable to individuals with disabilities. A change in the limiting definition of "first-time home buyer" to include individuals who are unmarried or living in non-traditional "family" situations would broaden eligibility to the benefits of this program for a larger section of the population.

- Funds available through the Housing Opportunity Partnerships, the HOP Program, should be available for the development of a variety of housing options for persons with disabilities. This availability could ensure a wider range of options than those solely available through the "Supportive Housing for the Handicapped "program and could ensure expanded community integration for persons with disabilities.

- Eligibility to the entire pool of "rental credits" must be insured for those individuals with disabilities who have no need for the "supportive services" tied to the "rental credits set aside" but who qualify for rental assistance soley on the basis of income. This is another way in which expanded integration can be achieved. Additionally, effective implementation of this program could be achieved by assuring the inclusion, as contracting agencies for the distribution of these rental credits, of entities aware of and involved with the development of housing options for persons with disabilities.

- A "special set-aside for handicapped persons" should continue to be included in the "rental credits" program. This is an additional option in the continuum of housing available to persons with disabilities. This set-aside, with its attendant supportive services plan, could permit individuals who are capable of living in more independent settings, only if certain limited services are provided, with the option to do so. This would also expand the availability of congregate services for those with the strongest support needs.

However, coordination of supportive services must be ensured through the inclusion of agencies familiar with both the housing and support needs of persons with a wide variety of disabilities.

- The continued availability of funding for the development of what is referred to in this bill as "supportive housing for the handicapped" must be assured. This is one more type of housing which must be included in order to provide the continuum of housing options required by the varying needs of persons with disabilities.

- The provision of a non-interest bearing capital advance would be an improvement to the present Section 202 direct loan program. However, the eventual effectiveness of this proposal would appear to depend on the procedures devised to implement the funding system. While there would be a decrease in outlays by the federal government over the long run and while there would be a reduction in costs that sponsors now accrue because of interest, etc., this is an area which needs further clarification.

- If the proposed capital advance is to be made in an amount calculated in accordance with "development cost limitations" it must be ensured that the limitations are reasonable and that they take into consideration the differing housing, design, and support needs of persons with disabilities. This would include a consideration of the "fit" of any housing into the neighborhood for which it is planned.

  The cost of "congregate space necessary to accomodate the provision of supportive services to handicapped persons" should not be included in calculating development cost limitations. This is inappropriate for the type of housing which has, and is being developed for persons with disabilities. Housing developed is to provide homes for persons with disabilities. Any supportive services are provided within that context and not within "congregate spaces". This language appears to have been taken from the Housing for the Elderly section.

- Modifications were made to the Section 202 program in the Housing and Community Development Act of 1987. These were designed to make the housing developed more appropriate for persons with disabilities and to make development requirements and procedures more workable for non-profit sponsors.

  One change to the program in the 1987 Act was the requirement of a supportive service plan to be submitted with the application for funding. This requirement is also included in this bill. Just how this requirement is to be implemented and how such plans are to be evaluated by an agency whose responsibility is to provide housing, not services, is unclear. Additionally, the service needs of individuals with disabilities vary widely and it would be inappropriate to require a service plan that is general in scope. The provision of assurances that the required services will be provided on a case-by-case basis would appear to be more appropriate, with both these assurances and detailed individual service plans kept on file for compliance review.

- The provision that financial assistance for these "supportive housing" projects may be used to finance the "acquisition, acquisition and moderate rehabilitation, construction, reconstruction, or moderate or substantial rehabilitation of housing" appears to offer more opportunities to provide/develop a range of housing options for persons with disabilities under this program than is presently available. It would be beneficial to also consider funding, as eligible housing under this program, not only group homes and independent living facilities but also units in multi-family dwellings such as condominiums.

- Throughout the "supportive housing" section of the bill an emphasis appears to be placed on "the handicapped person". In other places the reference is made to "handicapped families". Clarification needs to be made that individuals and families (traditional and non-tradional families) are eligible for housing options offered through this bill.

- An emphasis is placed on the need for technical assistance to ensure that individuals are aware of, and able to participate in these programs. It is crucial that funds are included to allow the provision of this technical assistance by non-profit organizations and other entities which are familiar with the housing needs of persons with disabilities.

- While the terms "handicapped person" and "handicapped family" appear to be institutionalized in housing legislation. It would be desirable to modify this language to "person with a disability" and "families with a member with a disability". This type of proactive change has been made previously in legislation which originally included such inappropriate terms as "crippled children".

- A change in the definition of "handicap" to one that is more consistent with Section 504 of the Rehabilitation Act would also be appropriate and consistent with the previous suggestion. This new definition should read:

  A person with a disability means any person who (i) has a physical or mental impairment which substantially limits one or more of such person's major life activities, (ii) has a record of such an impairment, or (iii) is regarded as having such an impairment.

SUMMARY

In summary the ARC is supportive of the concept of a new national housing policy which drives this legislation. However, we are concerned that any housing program which is developed, and which has the potential to impact on the availability of housing options for persons with mental retardation, appropriately and adequately reflects their housing needs and is designed to:

- expand, not restrict, the availability of community-based housing options;
- improve on existing housing programs;
- include expanded authorization levels and appropriations for the provision of housing;
- include appropriate and/or new and creative forms of financing;
- include supportive service requirements which are based on individual need, not a global determination of need;
- reflect and enforce anti-discrimination laws; and
- include in their policies the principle of community integration.

We appreciate the opportunity provided to present this testimony today.

Senator CRANSTON. Thank you. We did our best to get HUD to be more responsive for the last eight years with no success. Now perhaps with Jack Kemp there I have expectations we will do much better.

I think now we will go to Mr. Mitchell.

STATEMENT OF BILL MITCHELL, REPRESENTING THE NATIONAL COUNCIL ON INDEPENDENT LIVING

Mr. MITCHELL. Thank you, Mr. Chairman. It's a pleasure to be here and we appreciate the opportunity to testify.

My name is Bill Mitchell. I work with a technical assistance project on the provision and the design and financing housing for people with disabilities, but I am speaking as an individual with a disability and a member of the Housing Committee of the National Council on Independent Living. I worked also with June Kales, who is the director of the West Side Center for Independent Living in Los Angeles and is the chairperson of our housing committee, in developing these comments.

The National Council on Independent Living or NCIL as it's known is a national voice of independent living centers and for people with disabilities. It was founded in 1982 when a group of center directors got together to talk about issues they were facing and decided that they needed a voice to be able to represent those issues.

Independent living centers are community-based, non-residential, not-for-profit corporations which provide at least four core services to a cross-disability populations: Advocacy, information and referral, independent living skills training and peer counseling. There are approximately 200 consumer-controlled centers across the United States today.

I'd like to start our comments with, first, a concern about the language of the bill and I think legislative language about persons with disabilities generically. NCIL would like to see the language that is currently used in referring to handicapped individuals and handicapped persons changed to language more currently in use among people with disabilities "persons with disabilities," "individuals with disabilities" as indicative of the way in which people with disabilities, a majority, prefer to have themselves referred to. So in that, our first recommendation, we do ask the language be changed to reflect that, that language that refers to handicapped persons be replaced with the more appropriate language "person with a disability" and that other uses of the term handicapped be similarly replaced.

Senator CRANSTON. We'll be glad to do that.

Mr. MITCHELL. Thank you.

Second, on supportive housing, NCIL supports the inclusion of a program to provide direct loan funds for the development of housing to meet the needs of individuals who require support services. The mechanisms for the development of the housing should be designed in such a way to provide for the optimum independence and potential for integration for those individuals.

One way to do this is to allow as much flexibility as possible in the way the sponsors of the housing develop innovative options.

This can be done by allowing them, for one thing, to "layer" other financing sources along with the direct loans sources for units for persons with disabilities, and a bigger project to serve a variety of populations.

One example of a similar type of project, though it did not involve the use of section 202 funds which will not allow this, as was stated by Len Rubenstein, in Madison, WI, the Reservoir is a complex that was designed to accommodate the needs of individuals with disabilities, older persons, families with children, people with moderate incomes, people with low incomes, in a 28-unit complex in the center of Madison, WI. It's not identifiable as special housing for any particular population and yet the group provides support services, concerns with developmental disabilities, and also the independent living center there provides personal care services to individuals who are residing there.

We would like to see money available so that the profit and nonprofit sponsors of housing for people with disabilities can come to the table, as it were, and work with affordable housing producers in creating innovative housing options which promote the participation of people with disabilities in the community.

Second in the supportive housing arena, requirements of the supportive housing program generally do in fact call for the Secretary to ensure that supportive housing for the handicapped under this section provide persons with opportunities for optimum independent living and access to the community.

However, the specific selection criteria of the program, while focusing on the availability of supportive services, do not include a directive for the Secretary to develop specific selection criteria on the basis of the level at which the project promotes independence and integration into the community. NCIL would like to see language in the selection criteria section also reflect a priority that the project provide integration into the community as well as supportive services.

We also have noted that a good number of units that are built for persons with disabilities tend to be single bedroom or efficiency units. And it should be noted that people with disabilities do not always live alone. They also live in a variety of settings and in familial circumstances and we would ask that there be incentives built into the program to encourage development of units that also allow for multiple bedrooms.

I will conclude my remarks at this time and ask that my statement be included in full in the record. Thank you very much, Mr. Chairman.

[The complete prepared statement of Bill Mitchell follows:]

TESTIMONY ON THE

NATIONAL AFFORDABLE HOUSING ACT

SUBMITTED BY

THE NATIONAL COUNCIL ON INDEPENDENT LIVING

BEFORE

THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

FRIDAY, JUNE 2, 1989, 10:00 A.M.

Presented by:

Bill Mitchell,
NCIL Housing Committee

Thank you, Mr. Chairman for the opportunity to testify before the committee regarding the Affordable Housing Act. The concept of independent living holds little meaning without accessible and affordable housing resources. The National Council on Independent Living applauds the efforts of this committee in addressing the basic housing problems faced by people with disabilities.

The National Council on Independent Living (NCIL) is a national voice of independent living centers and people with disabilities. Founded in 1982 when a group of independent living center directors met to discuss national and regional issues, NCIL is the only national membership organization of its kind governed by people with various types of disabilities.

Independent living centers are community-based, non-residential, not-for-profit corporations which are governed and controlled by people with different types of disabilities. Centers provide at least four core services to a cross-disability population: advocacy, information and referral, independent living skills training and peer counseling. There are approximately 100 consumer-controlled centers across the United States today.

Independent living centers assist people with disabilities in exploring alternatives to institutionalization and encourage them to make their own decisions about how they will live their lives. Control over one's life means having a choice of acceptable options that minimize reliance on others in making decisions and performing everyday activities. These include managing one's own affairs, working, participating in community life and fulfilling a range of social roles.

The National Council on Independent Living was organized to support independent living centers by:

- conducting and coordinating the national advocacy efforts of the Independent Living Movement; and

- strengthening independent living centers through the provision of technical assistance, public education and other membership services.

NCIL makes the following comments and recommendations related to the Affordable Housing Act and its impact on the availability of affordable, accessible housing to people with disabilities.

SUBSTITUTION OF TERMS "THE HANDICAPPED" AND "HANDICAPPED PERSONS" WITH "PERSONS WITH DISABILITIES"

People with disabilities strive for community accessibility and acceptance, yet they are continually confronted

by language which perpetuates negative stereotypes. Use of the word "handicapped" has been institutionalized by the legal and political systems. Yet, the majority of people with disabilities prefer the word "disability". The term handicapped will always connote the image of a person standing on the corner with a "handy cap" in hand, begging for money.

A disability is a condition, either emotional or physical. A handicap, on the other hand, is the cumulative result of the obstacles which the interaction of a disability with the environment interposes between individuals and their maximum functional level. Therefore, disabilities only become handicaps in relation to a particular environment or set of circumstances. A person who uses a wheelchair is not handicapped in a situation that does not require climbing stairs. A person who is blind is not handicapped in a job that does not require vision. On the other hand, an individual carrying a sack of groceries into their home can be handicapped by a round door knob when they don't have a hand free to grasp that door knob. A simple adaptation of putting a door lever with a handle on the door removes that handicap. A disability may necessitate that a person do something a little bit differently from a person who does not have that disability, but with appropriate accomodation they may have equal participation and equal results.

Similarly, in our use of language, both written and verbal, we can choose to emphasize peoples' similarities or their differences. The term "a disabled person" is a short-cut to the more involved and sometimes more awkward, but psychologically more appropriate expression, "a person with a disability". The latter is by far preferred. It connotes that a person with a disability is first and foremost a person, with many unspecified characteristics in addition to his/her particular disability. "Disabled person" represents differentness and separateness, and reduces a person's identity to his/her disability. This short-cut distorts and undermines the perception of who people with disabilities are and how they want to be seen.

RECOMMENDATION: NCIL recommends that all language in the Affordable Housing Act that refers to "the handicapped" or handicapped person" be replaced with the more appropriate terminology, "person with a disability" and that other uses of the word "handicapped" be similarly replaced.

SUPPORTIVE HOUSING

NCIL supports the inclusion of a program to provide direct loan funds for the development of housing to meet the needs of individuals who may require support services or other accomodations to live in the community. The mechanisms for the development of such housing should be designed to provide the optimum independence and potential for integration for the individuals who reside there.

One way to do this is to allow as much flexibility as possible for sponsors of this housing to develop innovative options. This can be done by allowing them to "layer" funding under this program with funding from other sources which may target a more generic population. As currently structured, the Section 202 Direct Loan program will not allow such layering and forces sponsors to create housing that is separate and distinct from other housing in the community. An example of what can be done to meet the needs of people with disabilities in a setting that serves many different population groups can be found in Madison, Wisconsin. There, a non-profit developer of affordable housing, the Madison Mutual Housing Association, sought cosponsorship of groups serving people with disabilties, the aging community, and families with children to create a "multi-generational" housing development. The Reservoir, as the complex is called, has incorporated accessibility features into several ground-floor units and residents with disabilities receive support services from the local independent living center and other organizations. These residents are interspersed through the 28 unit complex along with other residents, including families with children, older persons, persons with moderate incomes and some with lower incomes whose rent is subsidized. The revised direct loan program should encourage these kinds of cooperative ventures by giving non-profit sponsors of housing for people with disabilities the opportunity to "come to the table" with their own funding source to add to the resources of the generic affordable housing developer. This is merely a single option of many that sponsors might pursue if incentives for creativity are included in the supportive housing program.

RECOMMENDATION: NCIL recommends that developers should be allowed to layer funds with other funding sources and work in cooperation with affordable housing producers to integrate people with disabilities into diverse housing environments.

In the general requirements of the supportive housing program, the Secretary is directed to ensure that "supportive housing for the handicapped assisted under this section shall... provide such persons with opportunities for optimal independent living and participation in normal daily activities, and... facilitate access by such persons to the community at large...". Yet, the selection criteria to be used do not include any of this language or any other which would make specific the above requirements. The ommission of a criteria for promotion of independence and integration while at the same time specifically including criteria for support services may lead to a bias toward more restrictive settings with a high level of services over those which emphasize integration into the community and a reliance on community supports.

RECOMMENDATION: NCIL recommends that the Secretary be directed to establish selection criteria which reflect the general requirements to promote independent living and integration.

People with disabilities have as diverse living arrangements as the general population. Not all people with disabilities live alone. Nevertheless, in both the public and private sector, there is a tendency to only produce housing for single individuals as "accessible" or "handicapped" housing. It is important that the development of housing that includes a full range of options be encouraged by the Supportive Housing program. This includes housing to accomodate families of persons with disabilities in units with more than a single bedroom. Also, many individuals live with another individual who provides personal care assistance and other supports. Housing should be available for eligible individuals with a variety of familial and other living arrangements.

RECOMMENDATION: NCIL recommends that the structure of the Supportive Housing program provide incentives for the development of housing options that include units with multiple bedrooms.

The use of the term, "independent living facility" connotes an institutional environment. People live in homes, not facilities. The use of the term "independent living complex" under the Section 202 Direct Loan program was also problemmatic, because, as was stated in the opening, independent living centers are non-residential programs. Another term that does not have such an institutional connotation should be developed to substitute for "independent living facility". NCIL would welcome the opportunity to work with the committee on developing more appropriate terminology.

RECOMMENDATION: NCIL recommends that the term "independent living facility" be changed to a term that is reflective of a home-like environment in the community.

RENTAL CREDITS

NCIL supports the set-aside of rental credits for persons with disabilities who require support services to live independently. The program should be structured so that individuals may have the maximum independence possible and, to the extent possible, control the delivery of those services rather than being controlled by their dependence on those services. For example, an individual who requires personal assistance in dressing, bathing and other personal care, but otherwise lives independently, should be able to within reason determine the level of service needed, when the service should be delivered and have some say over who delivers the service. Administrative convenience should not take precedence over independence and autonomy of the person with a disability who relies on support services.

RECOMMENDATION: NCIL recommends that as part of any support service plan related to the provision of rental credits under the set-aside for persons needing support services, a participating agency be required to provide those services in the least restrictive setting possible for that individual and that services be provided with the least restrictions possible.

In addition, NCIL encourages the committee take steps to ensure the availability of the generic rental credits to individuals with disabilities who do not need support services. The limited availability of affordable, accessible housing in many communities means that once an available unit is identified, an individual must be able to move quickly to obtain a rental credit before the unit is no longer available. Currently, long waiting lists with many housing agencies make this impossible. For example, the waiting list for the Chicago Housing Authority's HUD Section 8 certificates exceeds 14 years. This is clearly unworkable for all individuals in need of rent subsidies, but places individuals with disabilities at an additional disadvantage as they are selecting from a smaller housing stock.

RECOMMENDATION: NCIL recommends that the committee incorporate language into the bill's section on rental credits to specify the availability of generic rental credits to individuals with disabilities and direct housing authorities to ensure that their policies and procedures facilitate that availability. One way to do this is through active outreach to groups serving people with disabilities such as independent living centers to inform people with disabilities of the availability of the credits and how to apply. Another way is to have procedures for expediting applications when necessary to assist an individual in obtaining accessible housing.

FUNDING FOR ACCESSIBILITY MODIFICATIONS

The Fair Housing Amendments Act of 1988 for the first time extended protection against discrimination in housing to persons with disabilities. As part of this protection, it gave individuals the right to, at their own expense, make modifications for accessibility to their home, whether they own or rent. For many individuals, this right is still an unrealized dream as they lack the financial resources to make the modifications. Even those with moderate incomes may not have the funds on hand or be able to secure a loan for the purpose of making these modifications. Yet, modification of existing housing is probably in the long term the most efficient way of improving the overall accessibility of housing.

NCIL believes as part of the Housing Opportunity Program, the provision of funds for the purpose of assisting individuals in making accessibility modifications, in both owner-occupied and rental housing, should be listed specifically as an eligible activity. This could be in the form of low- or no- interest loans or forgivable loans. Ultimately, this would be a low cost way of improving the availability of housing for people with disabilities.

RECOMMENDATION: NCIL recommends that the HOP be structured to specifically include a program to assist individuals in financing accessibility modifications to their homes whether they own or rent.

STATE AND LOCAL HOUSING PLANS

People with disabilities are frequently not considered in the development of programs and plans to provide for generic needs in the community due to the assumption that "they will be taken care of" by "specialized" programs. To the extent that these programs are available and even appropriate for an individual's needs, they usually are not able to meet all of the needs of those eligible for their services. Therefore, it is imperative that generic housing programs be planned for conscious inclusion of people with disabilities. In the contents to be required in the housing strategy, jurisdictions are to specifically address several populations, "such as very low-income, low-income, and moderate-income persons, the elderly, single persons, large families, and other categories the Secretary determines to be appropriate." Persons with disabilities should also be specifically included in this section.

RECOMMENDATION: NCIL recommends that the committee add persons with disabilities to the list of populations to be specifically addressed in state and localities' housing strategies plans.

McKinney Permanent Housing for Handicapped Homeless

This is another example where a change is needed in language referring to "handicapped homeless" to "homeless persons with disabilities" which was addressed in a previous recommendation. NCIL's reading of this section is that apparently families would not be eligible under the program as it refers only to single individuals. If this is the case the language should be changed to reflect the eligibility of homeless persons with disabilities and their families.

RECOMMENDATION: NCIL recommends that the term "handicapped homeless person" be replaced with "homeless persons with disabilities and their families".

Again, NCIL appreciates the opportunity to present its recommendations to the committee and applauds the leadership provided by the chairman and the ranking member in developing this legislation. NCIL will welcome the opportunity to work with the committee in addressing any specific issues we have raised.

Senator CRANSTON. Thank you very much. It will appear in the record and I appreciate very much your very helpful and constructive suggestions.

Mr. Gustafson.

STATEMENT OF DONALD GUSTAFSON, EXECUTIVE DIRECTOR, OVER THE RAINBOW ASSOCIATION, EVANSTON, IL

Mr. GUSTAFSON. Thank you for this opportunity to testify, Mr. Chairman.

I've served as executive director of the Over the Rainbow Association since 1985. I have a son, Bob, who is 28 and cerebral palsied. Prior to 1985, I worked for 33 years with Sears, completing my career at an executive marketing level.

The Over the Rainbow Association was founded in 1974 by parents of physically disabled children for the purpose of building housing that was accessible to the wheelchair bound. In 1982, Rainbow completed its first project, Rainbow Apartments in Chicago, and received the Governor's award for excellence in housing. That project and Rainbow's current project, Hill Aboretum Apartments in Evanston, IL, are funded under the section 202 program.

Our apartments are the conversion of an existing hospital into 33 apartments and a 3,000 square foot job resource center. The project received a section 202 Fund Reservation in September 1985 and has taken 4 years of HUD mortgage processing, and operating expenditures by Rainbow of over $300,000, to reach our construction start now slated for July 1.

Hill Arboretum Apartments, which utilizes section 202 funding, is unique for the following reasons.

First, we target the severely physically disabled, nonelderly adults who are totally dependent on environmental aids or personal care attendants for meeting their personal needs, including feeding, bathing, toileting and so forth.

Second, we have employed the engineering, design and lab resources of major corporations such as Sears to build new products to help the severely disabled, who today are totally dependent, function independently.

Third, our project includes a job resource center, not section 202 financed, complete with office space, desks, computer and related office equipment, where each tenant can be productively employed. From our experience, these physically handicapped individuals cannot get to the work place. Our solution is to simply bring the work place closer to them.

Taxpayer savings. Under the section 202 program all tenants receive rent subsidies from the section 8 program. The typical severely physically handicapped tenant is unemployed, receives Social Security of approximately $330 a month. The tenant's rent payment is 30 percent of this or $99. Our tenant, employed full time in the job resource center, could achieve an income of $800 per month and pay approximately $240 in rent based on the same formula. Assuming that all of our 33 tenants at Hill Arboretum are employed, HUD and the Federal taxpayer could save $55,000 in section 8 subsidy in the first year and over 20 years would save $1,116,000. In

addition, of course, the tenants would be paying Federal, State and local wage taxes.

Some of the good points we feel about the proposed legislation. Mr. Chairman, we support the concept of separating the production of handicapped housing and elderly housing within the section 202 program. Separate categories would provide appropriate guidelines for project cost limitation and project design needs for the severely physically disabled.

Within a separate category, the severely physically disabled could expect apartment sizes to be marginally increased to allow married couples the space in which to live.

We are also pleased that the bill recognizes the need to fund special design features within apartments to meet the specific needs of the handicapped person.

May we suggest recommended changes to the proposed legislation? It is unclear from our reading of the bill that projects with independent apartments can contain more than 20 housing units. This restriction of larger projects would make many projects, including our current project, Hill Arboretum Apartments, economically unfeasible.

Under present section 202 development cost limitations, apartment size cannot exceed 540 square feet. This size is too small for two people who both use wheelchairs. Marriage, under the section 202 program, for physically handicapped persons, is currently almost impossible, and we see nothing in the proposed bill to change this policy.

The proposed bill treats handicapped people in broad terms and fails to recognize and differentiate between the basic needs of the many segments of this market. The severely physically disabled—including persons with cerebral palsy, spina bifida, spinal cord injuries and others—have quite different housing and accessibility needs from the more mobile and self-sufficient handicapped individuals.

Special design features necessary to make housing accessible and meet the special needs of severely physically disabled are more expensive than housing for less impaired handicapped groups. Just as the elderly housing market is subdivided within the proposed legislation to address the needs for the elderly versus the frail elderly, it is our recommendation that the bill identify severely physically disabled persons as a separate category for determining project cost limitation levels and program guidelines.

Conclusion. The Over the Rainbow Association commends the committee for addressing the needs of the physically disabled in S. 566. We particularly welcome the provisions that separate handicapped housing provisions from elderly housing requirements, and the recognition by the committee that flexibility is needed to accommodate special design features.

Handicapped persons can be employed and contribute to the American economy if the opportunity is available. The new bill should provide incentives to encourage developers to provide severely physically disabled the chance to work at the project site.

This bill's commitment to the severely physically disabled can make the difference between a silent wish and an expressed reality, a passive existence and a productive life. We urge the commit-

tee to consider extending the opportunity of more independent living to this special population among us.

Thank you.

[The complete prepared statement of Donald Gustafson follows:]

Testimony By

DONALD GUSTAFSON

EXECUTIVE DIRECTOR

OVER THE RAINBOW ASSOCIATION

Evanston, Illinois

before the

SENATE COMMITTEE ON

BANKING HOUSING AND URBAN AFFAIRS

SUBCOMMITTEE ON

HOUSING AND URBAN AFFAIRS

June 2, 1989

Thank you for this opportunity to testify on behalf of the Over the Rainbow Association and its 2,700 supporters who are concerned about creating housing opportunities for severely physically disabled individuals.

My name is Donald Gustafson, and I have served as the Executive Director of the Over the Rainbow Association since 1985. I have a son, Bob, who is 28 and cerebral palsied. Prior to 1985 I worked for 33 years with Sears, completing my career at an Executive Marketing level.

The Over the Rainbow Association was founded in 1974 by parents of physically disabled children for the purpose of building housing that was accessible to the wheelchair bound. In 1982, Rainbow completed its first project, Rainbow Apartments in Chicago, and received the Governor's award for excellence in housing. That project and Rainbow's current project, Hill Arboretum Apartments in Evanston, Illinois, are funded under the Section 202 program.

Hill Arboretum Apartments is the conversion of an existing hospital into 33 apartments and a 3,000 square foot job resource center. The project received a Section 202 Fund Reservation in September, 1985 and has taken four years of HUD mortgage processing, and operating expenditures by Rainbow of over $300,000, to reach our construction start now slated for July 1, 1989.

Housing the Severely Physically Disabled

Hill Arboretum Apartments, which utilizes Section 202 funding, is unique for the following reasons:

1. We target the severely physically disabled. These individuals are non-elderly adults who are totally dependent on environmental aids or other people for many personal needs including feeding, bathing, toileting, dressing, cooking and other activities.

2. We have employed the engineering, design and lab resources of major corporations such as Sears to build new products to help the severely physically disabled (who today are totally dependent), function independently.

3. Our project includes a job resource center (not Section 202 financed) complete with office space, desks, computer and related office equipment, where each tenant can be productively employed. From our experience, physically handicapped individuals cannot get to the work place. Our solution is to bring the work place closer to them.

Taxpayer Savings

As you know, under the Section 202 program all tenants receive rent subsidy from the Section 8 program. The typical physically handicapped tenant is unemployed and receives Social Security of approximately $330 per month. This tenant's rent payment is 30% of Social Security or $99 per month. Our tenant, employed full-time in the job resource center, could achieve an income of $800 per month and pay approximately $240 in rent, based on the same formula. Assuming all of our 33 tenants at Hill Arboretum are employed, HUD and the Federal taxpayer will save $55,836 in Section 8 subsidy in the first year and over 20 years, will save $1,116,720. In addition, of course, tenants will be paying federal, state and local wage taxes.

Because of these savings, it is our recommendation that projects which include employment centers be given priority ranking in the annual selection of new Section 202 projects.

Good Points About the Proposed Legislation

We support the concept of separating the production of handicapped housing and elderly housing within the Section 202 program. Separate categories would provide appropriate guidelines for project cost limitation and project design needs for the severely physically disabled.

Within a separate category, the severely physically disabled could expect apartment sizes to be marginally increased to allow married couples the space to live together. Other design items required by the severely disabled include lifts to assist with transfers, movable cabinets and waist-high refrigerators and freezers.

We are also pleased that the bill recognizes the need to fund special design features within apartments to meet the specific needs of the handicapped person.

Recommended Changes to the Proposed Legislation

It is unclear from our reading of the bill that projects with independent apartments can contain more than 20 housing units. This restriction of larger projects would make many projects, including our current project, Hill Arboretum Apartments, economically unfeasible.

Under present Section 202 development cost limitations, apartment size cannot exceed 540 square feet. This size is too small for two people who both use wheelchairs. Marriage, under the Section 202 program, for physically handicapped persons is currently impossible, and we see nothing in the proposed bill to change this policy.

Severely Physically Disabled-Requirement for a Separate Category

The proposed bill treats handicapped people in broad terms and fails to recognize and differentiate between the basic needs of the many segments of this market. The severely physically disabled -- including persons with cerebral palsy, spina bifida, spinal cord injuries and others -- have quite different housing and accessibility needs from the more mobile and self-sufficient handicapped individuals.

Special design features necessary to make housing accessible and meet the special needs of severely physically disabled are more expensive than housing for less impaired handicapped groups. Just as the elderly housing market is sub-divided within the proposed legislation to address the needs for the elderly versus the frail elderly, it is our recommendation that the bill identify severely physically disabled persons as a separate category for determining project cost limitation levels and program guidelines.

Conclusion

The Over the Rainbow Association commends the Committee for addressing the needs of the physically disabled in S. 566. We particularly welcome the provisions that separate handicapped housing provisions from elderly housing requirements, and the recognition by the Committee that flexibility is needed to accommodate special design features.

Handicapped persons can be employed and contribute to the American economy if the opportunity is available. The new bill should provide incentives to encourage developers to provide severely physically disabled the chance to work at the project site.

This bill's commitment to the severely physically disabled can make the difference between a silent wish and an expressed reality, a passive existence and a productive life. We urge the Committee to consider extending the opportunity of more independent living to this special population among us.

Senator CRANSTON. Thank you very, very much. I thank all of you.

Do any of you disagree with anything that was said by any member of the panel?

[No response.]

Senator CRANSTON. If not, are there any additional changes that any of you feel that you didn't get to in your brief 5 minutes that you feel would improve the bill?

Mr. SOMERS. Senator, I'm not going to speak on specific elements of the legislation, but in your previous panel you asked people if they would like to place special emphasis on anything someone else has said. I would like to reinforce something several of my fellow panelists have said.

It has to do with flexibility in housing for special needs populations and enabling those populations to be part of the overall community. I think housing policy has tended to try and develop large housing projects to achieve economies of scale. However, in working in the supportive housing area over time, I am now convinced that opportunities for people to live all over the community are very much called for. It is also possible to do scattered site supportive housing economically. Under the program on chronic mental illness that we are conducting, the section 8 certificates that HUD devoted to the project are being used for scattered site housing. Persons with chronic mental illnesses are able to live all over the community if they have some support from a case manager or comparable service provider. If one gets those kind of guarantees from service agencies—mental health service agencies in this instance—one can have disabled people living all over the community and one can finance it. That's very encouraging from my perspective and I think that you ought to do what you can to encourage that kind of housing as well.

Senator CRANSTON. We will.

Mr. RUBENSTEIN. I would like to add something as well, Senator. It's alluded to in our written testimony but I think it deserves emphasis.

Last year, Congress passed what I think will be an historic act. That's the Fair Housing Amendments Act, which for the first time included people with disabilities, and Congress saw fit to include zoning and land use restrictions as within the kind of practices which could be discriminatory.

When you talk to providers of 202 housing, after talking about cost containment rules and fair market value problems, the next thing people talk about is zoning. Local zoning and community opposition makes housing for special populations extremely difficult. It increases the cost because it delays it. Sometimes it prohibits the projects altogether.

In view of the enactment of the Fair Housing Amendments Act, we think that there can be provisions in this legislation which not only cross-reference that legislation but specifically state that supportive housing for people with disabilities cannot be restricted or prohibited or shunted aside by local communities in any way which would violate the Fair Housing Amendments Act. So that providers in local communities know up front that so long as the zoning is otherwise appropriate for the kind of housing, whether it be single

family or multifamily, that this housing shall be established as a right.

We think that should be included in the bill and providers of housing will be relieved of one of the more onerous problems they face.

Senator CRANSTON. Mr. Popp, did you have a comment?

Mr. POPP. Yes, just one comment. Coming from South Dakota, I do think it's appropriate that I bring forth the provisions in the bill that speak of those individuals who live in very rural areas and also those who live on reservations—the Indian population. I was very pleased that both of those were addressed in this bill.

Senator CRANSTON. I want to touch on something that Mr. Gustafson talked about. In the past there have been disagreements over whether housing legislation should set absolute limits on the size of projects for disabled people.

The Cranston-D'Amato bill would set low project size limits, 8 disabled persons for group homes, 20 disabled persons for independent living facilities; but the bill would give HUD waiver authority in particular circumstances. These limits are intended to ensure that this housing will not isolate residents from the community.

What do you think of those limits? Could they be improved?

Miss ROLLASON. I was very pleased that the group home limit was brought down to 8. I think 8 is still too many. I'd like it at 4 or 6.

Senator CRANSTON. Any other comments on that?

Mr. POPP. I think a major consideration isn't so much the size as it is the individuality. We've seen some group homes for six or eight in which people had to share bedrooms. I think it's just as appropriate to see a provision encouraging single occupancy so that people have their own space and privacy.

Senator CRANSTON. One final point. The National Affordable Housing Act pursues two complementary strategies to meet the housing needs of disabled persons. One would expand the supply of housing specifically designed for disabled persons. The other provides rental assistance for disabled persons.

The dual strategy was chosen to meet different levels of disability. What do you think of that dual approach? Are there any ways to improve that?

Mr. MITCHELL. In our recommendations we also noted and agreed with the set-aside of units for persons in need of support services, but we are concerned that set-asides tend to become ceilings and that also individuals with disabilities who may not need support services provided in an organized fashion may find that it's even more difficult to access rental credits because of the perception that their needs are being taken care of by the set-aside.

So we are recommending that the committee also put into the language of the bill something to not necessarily put another set-aside, but to merely say that the housing authority or whoever is dispersing the rental credits take affirmative steps to make sure that these are available to people with disabilities.

There's also a second part of that in that waiting lists tend to disproportionately put the people with disabilities at a disadvantage because of the lack of availability of accessible housing. So

once you know there's an accessible unit available, you end up sitting there waiting for your waiting list turn to come up.

We believe there should be a process by which the application process for the rental credit can be expedited to assure that if there is an accessible unit available or a unit that particularly suits the needs of a person with a disability that the process can be expedited so that unit doesn't get away from him.

Senator CRANSTON. Thank you very much.

Mr. RUBENSTEIN. I would like, Senator, to make one comment about the rental credits. We strongly support the dual strategy you outlined. We think it's appropriate and necessary.

Our only concern about the rental credits or our major concern has to do with the incentive allocation system which gets HUD into the business of deciding under what circumstances what kind of services and what kind of employment opportunities will be available to the particular recipients of the rental credits.

We think that these should be made available across the board to people with disabilities and we shouldn't have HUD in the business of deciding which programs it likes better or which person living in such and such housing with a rental credit will have greater access to employment.

The need is so great that the effect of those provisions, while we understand to be well-intentioned, is just to put another bureaucratic obstacle up to getting the credits.

Senator CRANSTON. Do you have another comment, Mr. Somers?

Mr. SOMERS. I would like to add one point on the issue of project-based versus tenant-based financing strategies. I think that the project-based strategy is very important for the more seriously disabled populations where there are going to be greater service needs and perhaps greater design needs. Those project-based strategies enable people to do these more expensive projects. Section 8 certificates, for example, that are project-based enable developers to go to the bank and develop housing more readily.

The tenant-based strategies for people who are less disabled are also very important because they encourage people to be independent consumers and to act with some autonomy in the system.

Senator CRANSTON. I want to thank you all very much. This has been a very helpful panel discussion that you have presented this morning.

The committee worked hard to reach out to get ideas for this aspect of the bill while we were drafting it, but you've given us a lot of new food for thought and some very constructive suggestions that we will act upon.

We are pressing for committee markup of the bill before the August recess, so we will be working with you to draft language as quickly as possible to execute some of the ideas that you presented to us.

The next hearing will be next Tuesday morning in this room.

We now stand adjourned.

[Whereupon, at 12:15 p.m., the hearing was adjourned.]

THE NATIONAL COUNCIL ON THE AGING, INC.
Since 1950 working to improve the lives of older Americans

600 MARYLAND AVE. SW • WEST WING 100 • WASHINGTON, DC 20024 • TELEPHONE (202) 479-1200

STATEMENT

OF

THE NATIONAL COUNCIL ON THE AGING AND THE NATIONAL INSTITUTE OF SENIOR HOUSING

ON

National Affordable Housing Act (S.565)
Supportive Housing for the Elderly and Handicapped
(Pursuant to the June 2, 1989, hearing on S.565)

TO THE

SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

SUBMITTED BY

DR. DANIEL THURSZ, PRESIDENT
THE NATIONAL COUNCIL ON THE AGING

MS. GABI HAYES, CHAIR
NATIONAL INSTITUTE OF
SENIOR HOUSING

JUNE 16, 1989

Chair Elva Walker, Esq. Frankie Freeman, Esq.
Vice Chair Daniel Knowles, Secretary Sylvia Yuen, Assistant Secretary Charles Schottland
Treasurer James Gunning, Assistant Treasurer Robert Popper
President Dr. Daniel Thursz, ACSW

The National Council on the Aging (NCOA) is pleased to have this opportunity to comment on S.565, the National Affordable Housing Act, and its provisions for supportive housing for the elderly introduced into the Senate on March 14, 1989. You, Senator Alphonse D'Amato, and your Subcommittee, are to be commended for your bipartisan approach to developing housing legislation intended to take the nation forward in fulfilling the goal of a decent home for every citizen, as promised in the Housing Act of 1949. Although we support the thrust of your proposals, we urge you to consider a number of amendments and to clarify language in certain details.

Assistant Secretary for Housing for Older Americans

We suggest the proposal for an Assistant Secretary for Supportive Housing be amended to provide instead, for an Assistant Secretary for Housing for Older Americans. The special needs of the elderly and their roles and relationships in the community at large vary greatly from those of persons with disability and the homeless. NCOA has long called for appointment of an Assistant Secretary for Older Americans. We believe this is still the needed action. The Assistant Secretary for Housing for Older Americans would coordinate the various HUD programs for the elderly, advise and consult with the HUD Secretary, the Congress and other federal, state and local governmental agencies and private organizations on all matters relating to older people and their housing needs. The Assistant Secretary also would represent HUD through public statements and in public

meetings and conferences involving housing the elderly. At the same time, the needs of the handicapped and the homeless, who are found throughout all age groups, should receive increased emphasis and attention from the Assistant Secretary for Housing.

Supportive Housing for the Elderly

Section 511 of Subtitle B includes amendments to the Section 202 direct loan program to expand the supply of supportive housing designed to accommodate the special needs of the elderly with a range of services tailored to the elderly residents. We agree that the new financing arrangements for Section 202 would be preferable to the existing program. S. 565 provides for capital advances to cover development costs. Such advances would not have to be repaid or interest paid so long as the project was occupied as intended, unlike the present system which requires the repayment of the direct loans over a 40-year period, with interest. Contracts for project rental assistance payments from HUD would cover any part of the costs attributed to occupied units not met from project income, (essentially from tenants' rent payments). Since the capital advances and project rental assistance payments generally would not have to be repaid, the redundant use of the Section 8 program could be eliminated. Accordingly, the cost of the new program probably would result in a "wash" compared to the present system, but should be both simpler and more flexible.

Inconsistent Terms

We are concerned that S. 565 continues the practice of inconsistent terms for amortizing mortgages or loans versus contracts for subsidy payments. For example, FHA-insured mortgages run for 40 years, but their Section 8 subsidies run only for 20 years. As a result, many owners will be opting out of Section 8 at the expiration of their contracts as is already occurring among Farmers Home Administration subsidized housing projects. S. 565 would continue this kind of inconsistency, with provision for 40-year occupancy by the very low income group, but with contracts for project rental assistance for only 20 years, but with a provision for a minimum, but no maximum, extension of five years. We strongly recommend that such contracts be written for 40 years, with a proviso that owners could cancel their contracts after 20 years, but only with HUD's approval.

It is fortunate that current Section 202 owners do not have the right to cancel their Section 8 contracts, and if not already incorporated in the bill, S. 565 should contain language providing similar protection against such cancellations without HUD approval for new projects.

Tenant Rent Contributions

Section 202 (c) (3) provides that the very-low income pay rent based on the highest of (A) 30 percent of adjusted monthly income, (B) 10 percent of monthly income, or (C) the part of welfare assistance payment received, if any, specifically designated by the agency for housing costs. We

recommend that item (A) be changed to 25 percent of adjusted monthly income and that the rent be the lowest of item (A) or item (B) for any person requiring rent assistance, or item (C) if such a welfare payment is received.

Historically, low income families had not been required to pay more than 25 percent of their incomes for rent, which also was the case originally under Section 8. Unfortunately, a few years ago, the rent/income ratio under Section 8 was raised to 30 percent. The inequity of this requirement is dramatically demonstrated by the great disparity in relative housing costs paid by income groups noted in an April 1989 report issued by the Center on Budget and Welfare Policies titled "A Place to Call Home: The Crisis in Housing for the Poor." That report indicates that the typical household with an income of less than $5,000 paid at least 69 percent of its income for rent in 1985 while the typical household with an income in the $40,000 to $60,000 range spent only 14 percent of income for housing.

Income Integration in Housing

For some time now, we have been recommending that eligibility for occupancy in Section 8 projects generally, including Section 202 housing, be amended to expand the income range eligible for rent subsidies. Historically in the early years of the combined Section 202-8 operations, occupancy in Section 202 projects was open to those who could afford market rents and could be subsidized for those with incomes of up to 80 percent of area median incomes. We think

the continuing restriction to the very low-income group should be eliminated. Rather than limiting occupancy to those with incomes of less than 50 percent of area medians, eligibility should be extended immediately to those with incomes of up to 80 percent of area medians. Eventually, the program should open up to those who require no subsidy but could afford to pay market rents. These changes would yield significant social benefits by encouraging income integration and discouraging concentrations of the poor. They also would permit reduced subsidies per project and spread limited subsidy funds over more projects in a wider geographic area, thereby offering more options to low income families, including the elderly, in choosing where to live.

Clarification on Independent Living

The amendments to the Section 202 program contained in Section 511 of S. 565 apparently would permit the development of additional housing for independent living for the elderly, but its thrust clearly is toward encouraging more housing for the frail elderly who need a variety of services to continue living independently. While we applaud this increased concern for the needs of the frail elderly -- perhaps long overdue -- it should not be undertaken at the expense of an enormous need for additional housing for independent living. Accordingly, we underscore our concern for more independent living projects by calling for a minimum annual 30,000-unit appropriation for such housing over and above funding for housing with supportive services and related proposals.

S. 565 should be amended to make it clear that housing for independent living, as presently developed under Section 202, remains eligible for funding. Amendments also should make it clear that projects for the elderly could serve different levels of frailty, but, short of including continuing health and medical care as a responsibility of sponsors and management. With the eligibility of health clinics in such housing, both HUD and sponsors must take special precautions in assuring that nursing homes and long-term care facilities are not developed under Section 202 in the guise of housing.

Development Costs

Given the tie-in between the Section 202 and Section 8 programs, development costs typically have been limited by incomes generated by fair market rents which are established at varying levels depending on the particular market area being served. As a result, development has been stymied or impossible to accomplish in a number of areas because fair market rents did not reflect accurately the cost of construction and other developments in those areas. Accordingly, we are pleased that S. 565 establishes development cost limits not based on fair market rents, but on the costs of construction, reconstruction or rehabilitation, movables, special design features, congregate space, land and necessary site improvements related to the area in which the project was to be built. If this feature of S. 565 is retained in the final act, no longer should any areas of the

country be denied the opportunity to develop housing for their elderly citizens because of inadequate cost limits.

With regard to development cost limitations, we urge your Subcommittee to review HUD's restrictive "cost containment" policies to assure that those policies are cost-effective over the life of the housing, rather than merely offering short-term savings through the use of cheap construction techniques and low-quality materials. Further, HUD should be instructed to require elevators in adequate numbers in every building for the elderly with two or more stories, and to make the installation of elevators an eligible cost under Project Retrofit, where feasible. Similarly, serious consideration should be given to including the cost of sprinkler systems as eligible development costs in new projects for the elderly and also, when feasible, in rehabilitation projects.

Project Retrofit

We endorse the proposal contained in Section 512 for "Project Retrofit" to enable the frail elderly to continue living in federally-assisted housing with dignity and independence as they "age in place". Under this proposal, HUD assistance would be available to retrofit individual dwelling units and to renovate public and common areas to meet the special physical needs of the frail elderly. HUD's funding also would be available to create and rehabilitate common areas to accommodate supportive services. Transitional funding from HUD for related supportive services

that cannot otherwise be funded also would be provided, but would be phased out in not more than three years. Such funds would be available only to those projects that had obtained assurances of long-term funding supportive services from states, localities and other sources.

As we have recommended previously, the availability of funding for supportive services should be the responsibility of the Federal Government in the absence of financing from other sources. We agree that sponsors should be diligent in seeking funds from state, local or private agencies. However, if their diligence is demonstrated but does not result in assurances of funding, the frail elderly in their projects should not be denied federal support through no fault of their own or of their housing sponsors. Furthermore, many state, local or private agencies have no legal or operating authority to provide assurances of funding for a five-year or longer period suggested in the bill, so federal responsibility for funding must be the ultimate source to assure the availability of needed services over the years.

Congregate Housing Services Program (CHSP)

The bill provides for the renewal of the existing contracts entered into under the Congregate Housing Services Program, but apparently only for a three-year period. We urge that rather than funding only the renewal of the 61 existing contracts for three years, the program be expanded to serve an additional 20,000 frail elderly or handicapped persons and families each year. This certainly would be the

logical action to take and in keeping with the recent establishment of CHSP as a permanent program in the Housing Act of 1987 after years of proving its effectiveness as a demonstration program.

Converting Section 202 "Pipeline" Projects

There may be some confusion with regard to the eligibility of Section 202 "pipeline" projects to convert to the provisions of and amendments made by Section 511. Accordingly, we suggest that confusion could be eliminated by deleting paragraphs (1) and (2) following "(c) Effective Date and Applicability" and amending paragraph (3) to read: "The Secretary shall upon the request of a project sponsor apply the provisions of, and amendments made by, this section to any project if needed to facilitate the development of such project in a timely manner. In the absence of such a request, any loan made under section 202 of the Housing Act of 1959 pursuant to a reservation of funds issued on or before the date of enactment of this Act shall continue to be subject to the provisions of such section as they were in effect when such reservation was issued."

****

As always, we appreciate the opportunity to submit our comments to you on housing issues as they relate to the elderly. We are particularly pleased to offer our comments and suggestions with regard to your far-reaching proposals contained in S. 565, "The National Affordable Housing Act".

NASMHPD
National Association of
State Mental Health Program Directors
COOPERATING AGENCY
COUNCIL OF STATE GOVERNMENTS
1101 King Street, Suite 160 • Alexandria, VA 22314 • (703) 739-9333

BOARD

DENNIS R. JONES, M.S.W., M.B.A.
President
Texas

PAMELA S. HYDE, J.D.
President-Elect
Ohio

MARTHA KNISLEY, M.A.
Treasurer
Pennsylvania

THOMAS D. ROMEO
Secretary
Rhode Island

MICHAEL O'CONNOR, M.D.
California

JOHN GATES, Ph.D.
Georgia

EFREN RAMIREZ, M.D.
Puerto Rico

THOMAS D. WATKINS, Jr., M.S.W.
Michigan

KEVIN CONCANNON, M.S.W.
Past President
Oregon

HARRY C. SCHNIBBE
Executive Director

STATEMENT

Respectfully Submitted To The
Subcommittee on Housing and Urban Affairs
of the
Senate Committee on Banking, Housing, and Urban Affairs

on

The National Affordable Housing Act,
S.565 and 566

Martha Knisley, M.A.
Deputy Secretary for Mental Health
State of Pennsylvania
and
Chair, NASMHPD Committee on Housing

For further information, contact:

E. Clarke Ross, D.P.A.
Assistant Executive Director for Federal Relations
NASMHPD, Hall of the States, #401
444 North Capitol Street, NW
Washington, DC 20001
Telephone: (202) 624-5837

June 9, 1989

The National Association of State Mental Health Program Directors commends the leadership of the Senate Subcommittee on Housing and Urban Affairs for sponsoring the National Affordable Housing Act, S. 565 and S. 566. We have been pleased to have closely worked with the Subcommittee staff for well over a year on the philosophy, approach, and details of the legislation.

This statement attempts to achieve four objectives: (1) To summarize our basic approach to federal housing policy; (2) To build upon the September 28, 1988 testimony of Martha Knisley, Deputy Secretary for Mental Health, State of Pennsylvania, on behalf of NASMHPD; (3) To compliment the June 2, 1989 testimony of the Mental Health Law Project; and (4) To address the three specific issues of Subcommittee request, ie., Section 202 revisions, housing and services linkage, and preferred strategies for serving persons with disabilities.

- Approach, Philosophy, Justification

Attached is NASMHPD's position statement on housing and support for people with long term mental illness. The NASMHPD statement emphasizes:

(1) Housing Options

(2) The importance of Housing Supportive Services

(3) Emphasis on permanent rather than transitional housing

(4) The necessity of a strengthened rental subsidy program

(5) The reorientation of the federal housing program structure away from HUD competitive congregate facility projects and to a pivotal role by the states.

We fully recognize the historical, professional, and operational difficulties of incorporating services into HUD's mission. Supportive services are absolutely essential to providing housing options for individuals with serious mental illness. The solution to this housing-services collaboration is to structure programs relying upon the states, where housing and services can be operationally combined.

The overwhelmingly predominate financier of mental health services in the United States is state government. Of the $14.432 billion expended for mental health services in FY 1983, 63.9%, or $9.228 billion, was state controlled. (These figures do not include individual private practitioner reimbursements). It is now estimated that state governments currently expend $12 billion for mental health services and local government, predominately counties, expend $2 billion annually.

We believe it is a mistake to focus federal housing programs for persons with disabilities solely on national competition by nonprofit organizations to primarily develop congregate facilities. We believe it is a mistake in program design and objective (congregate facilities). And, we believe it is a mistake in funding structural design (national competition restricted to nonprofit corporations).

We believe it is an appropriate objective of federal housing policy to encourage state government, including state mental health authorities, to develop housing options and alternatives for persons with disabilities, including those with serious mental illness.

- Recommended Federal Housing Policies and Proposals

If encouragement of state government is an appropriate federal housing policy objective, then there are several logical policy proposals:

(1) The proposed Housing Opportunity Partnerships (HOP) program to stimulate federal investment in housing strategies designed by states and localities becomes a very important initiative.

(2) The proposed consolidation of McKinney Act authorized housing programs to assist homeless persons into a single grant to state and local governments also becomes a very important initiative.

(3) S. 565/S.566 revise but basically retain the Section 202 program of nationally competitive grants to nonprofit associations to develop almost exclusively congregate and segregated housing projects. To stimulate state government involvement, the proposed Housing for the Handicapped program (and current Section 202 program) should be revised to prioritize applications by state government agencies serving persons with disabilities in a non-competitive structure.

A) Such a federal-state partnership would stimulate public sector spending if a matching requirement were added.

B) Such a partnership would reduce the paperwork, bureaucracy, and processing time for developing housing for the targeted populations.

C) Such a partnership would reduce the extraordinarily high costs (in relation to comparable non-HUD Section 202 financed projects) of Section 202 units.

D) Such a partnership would allow, and hopefully stimulate, a range of housing options, with an emphasis on integrated opportunities, rather than relying on a congregate facility model.

E) In recognition of the likelihood that not every single state would apply in a timely manner, the legislation could include a provision like that which governs the McKinney Act State Grant for Community Mental Health Services (Section 611 of P.L. 100-628, McKinney Act Amendments of 1988):

If a state fails to submit an application, if the state fails to prepare an application within a reasonable period of time, or if the state informs the Secretary that the state does not intend to expend the full amount of its allotment, then the Secretary may make grants to public and nonprofit entities within the state using the state's allotment.

F) In order to protect the future financial interests of the nonprofit industry which currently monopolizes Section 202 financing, the legislation could give priority to the use of funds to nonprofits, where consistent with the state's services plans and strategies.

G) To make this strategy even more significant, the McKinney Act housing funds specifically targeted to persons with disabilities could be consolidated into this new program.

State governments have changed significantly in the 1980s and continue to change as we enter the 1990s. Regarding housing for persons with mental illness, state governments are the key to financing services. Why not structure federal housing programs to stimulate federal-state linkages?

We recognize the resistance to change from the nonprofit industry which expects continued Section 202 funding for its affiliate members. Our obligation is to ask whether there is a more effective strategy than nonprofit national competition to develop congregate facilities. We hope this statement has effectively asked that question.

- Technical Amendments To S. 565/S. 566

Attached are 6 proposed technical amendments to S. 565/S. 566. These amendments attempt to:

1) Include persons with disabilities, including persons with mental illness, in the state and local strategies.

2) Allow state agencies designated by the Governor to be contracting agencies for low-income rental assistance.

3) Modify fair market rents to accommodate the special needs of persons with disabilities.

4) Broaden the S. 565/S. 566 proposed special targeting on persons with disabilities low-income rental assistance.

5) Allow state and local governments to apply for supportive housing for the handicapped awards.

6) Make permanent housing for homeless persons with disabilities and supportive housing for the handicapped types of housing fully compatible in order to move away from congregate and segregated models.

- Preferred Strategies For Serving Persons With Disabilities

NASMHPD is not prepared at this time to make recommendations concerning the benefits of tenant-based or project-based subsidies. Clearly, a tenant-based subsidy gives the individual freedom-of-choice, options, mobility, and independence. This is the ideal which best meets the needs of most individuals. However, with a limited pool of rental subsidies and a legal and ethical commitment to operate housing programs for persons with special needs, the project-based subsidy is a management reality. We can not offer advice on where to make the cut between tenant and project based subsidies. Both are competing, legitimate, and significant factors. The state mental health directors next meet in July 1989. NASMHPD will attempt to develop a recommendation to the Congress on this need for balance at that meeting.

NASMHPD is pleased to note that the overall philosophy and approach of the state mental health directors is largely consistent with the philosophy of the Mental Health Law Project, National Mental Health Association, and National Alliance for the Mentally Ill.

NASMHPD
National Association of
State Mental Health Program Directors
1101 King Street, Suite 160 • Alexandria, VA 22314 • (703) 739-9333

COOPERATING AGENCY
COUNCIL OF STATE GOVERNMENTS

BOARD

KEVIN CONCANNON, M.S.W.
President
Oregon

DENNIS R. JONES, M.S.W., M.B.A.
President-Elect
Indiana

PAMELA S. HYDE, J.D.
Treasurer
Ohio

GARY MILLER, M.D.
Secretary
Texas

THOMAS D. ROMEO
Rhode Island

LYLE QUASIM
Washington

JOHN GATES, Ph.D.
Georgia

EFREN RAMIREZ, M.D.
Puerto Rico

J. FRANK JAMES, M.D.
Past-President
Oklahoma

HARRY C. SCHNIBBE
Executive Director

POSITION STATEMENT OF THE NATIONAL ASSOCIATION OF STATE MENTAL HEALTH PROGRAM DIRECTORS ON HOUSING AND SUPPORT FOR PEOPLE WITH LONG TERM MENTAL ILLNESS

HOUSING OPTIONS

All people with long-term mental illness should be given the option to live in decent, stable, affordable and safe housing, in settings that maximize their integration into community activities and their ability to function independently. Housing options should not require time limits for moving to another housing option. People should not be required to change living situations or lose their place of residence if they are hospitalized. People should be given the opportunity to actively participate in the selection of their housing arrangements from among those living environments available to the general public. Although public mental health systems need to exercise leadership in the housing area, addressing housing and support needs is a shared responsibility and requires coordination and negotiation of mutual roles of mental health authorities, public assistance and housing authorities, the private sector, and consumers themselves.

PROVISION OF SERVICES

Necessary supports, including case management, on-site crisis interventions, and rehabilitation services, should be available at appropriate levels and for as long as needed by persons with psychiatric disabilities regardless of their choices of living arrangements. Services should be flexible, individualized and provided with attention to personal dignity. Advocacy, community education and resource development should be continuous.

FEDERAL (HUD) HOUSING PROGRAM RESTRUCTURING

In implementing NASMHPD's policy on housing and services, Federal housing assistance programs should:

1) Emphasize permanent rather than transitional housing options.

2) Emphasize greatly expanded rental subsidy support, such as the Section 8 rent subsidy program rather than the development of separate or congregate facilities, such as those developed through the Section 202 loan program.

3) Convert Section 202 program funding for the non-elderly handicapped population from a congregate or group facilities orientation to a block grant to the states to develop an equivalent number of units of housing through a state determined capital program. Section 8 rent subsidies must continue to be available to each housing unit as through the current program.

FURTHER HOUSING POLICY DEVELOPMENT

NASMHPD's Support Services Committee establishes a task force to develop a position paper expanding this position statement on Housing. The task force will meet with Dr. Paul Carling of the University of Vermont in Colorado in February 1988. The position paper will not only address HUD programs but also address the concept of "average household size" and proposed limitations on Medicaid funding of non- "community living facilities" as proposed by Senator Chafee in S. 1673.

---

1) Housing and Support Position Statement adopted unanimously by NASMHPD's Committee on Support Services on December 15, 1987.

2) Federal (HUD) Housing Program Restructuring Statement developed by a task force of the Support Services on December 15, 1987.

3) Both statements adopted unanimously by NASMHPD's Board of Directors on December 15, 1987 (7 states and one territory represented).

4) Both statements adopted unanimously by NASMHPD's Membership on December 16, 1987 (Assembly of the States, 36 states and 2 territories represented).

PROPOSED AMENDMENTS TO S. 565, the NATIONAL AFFORDABLE HOUSING ACT

STATE AND LOCAL STRATEGIES

Amend Section 105 (b) (1), page 11, line 10 of S.565

add "persons with disabilities, including persons with mental illness" after "large families" and before "and other categories..."

Justification:

Section 105 requires each recipient jurisdiction to develop a 5 year housing strategy with annual revisions. The strategy may include the special needs of low-income, moderate-income, elderly, single persons, and large families. The proposed amendment would reflect a national policy preference that persons with disabilities, including those with mental illness, be considered by each recipient jurisdiction.

LOW-INCOME RENTAL ASSISTANCE: CONTRACTING AGENCIES

Amend Section 421 (b) (3), page 86, line 15 of S.565
related to Low-Income Rental Assistance, Authority To Contract, Contracting Agencies

add: "State agencies, designated by the Governor, serving persons with disabilities, such as those agencies serving persons with mental retardation and mental illness, may be designated as a contracting agency, if the Governor requests such designation from the Secretary and if the Secretary is satisfied that the designated agency can perform all the obligations of a contracting agency."

Justification:

Many persons with disabilities have special services needs which can best be met by combining services and rental assistance within one agency. For example, in 1983, state governments paid for 63.9% of the nation's mental health services (this fiqure does not include individual private practitioner reimbursements). The Colorado Department of Institutions, and its Division of Mental Health, is currently designated by HUD as a public housing agency to administer Section 8 rent subsidies. In this way, a service agency of state government responsible for a disability group combines rent subsidies with necessary services. The proposed amendment would allow current practice to continue and would emphasize the possible desirability of unique organizational structures and responsibilities to better serve persons with special needs because of disability.

LOW-INCOME RENTAL ASSISTANCE: FAIR MARKET REFINEMENTS

Amend Section 421 (d) (2) (B), page 90, line 21 of S. 565 related to Low-Income Rental Assistance. Program Provisions,Fair Market Rent Refinement

add "In approving an alternative fair market schedule, the Secretary may make an adjustment for dwelling units which require physical accommodations and retrofitting for individuals with physical diabilities and may make an adjustment for dwelling units whose potential residents have special design and service needs because of the residents' disabilities."

Justification:

The proposed legislation already recognizes the need to adjust fair market rents for rent variations among submarkets and to promote better access to employment and education opportunities. The proposed amendment would recognize the special accommodation needs faced by some persons with physical disabilities and the special design and service needs of some persons with disabilities. The adjustment based on special design and service needs is consistent with the proposal already contained in S.565, Section 421 (h) (3) (related to the national set-aside for rent subsidies for persons with disabilities).

LOW-INCOME RENTAL ASSISTANCE: SPECIAL TARGETING ON PERSONS WITH DISABILITIES

Amend Section 421 (e) (2) page 101 related to Low-Income Rental Assistance, Allocation Of Incremental Assistance, Distribution By Participating Jurisdictions and Section 421 (h) page 105 related to Low-Income Rental Assistance, Special Set-Aside For Handicapped Persons

On page 102, line 13, insert a new subsection (e) (4): "Each participating jurisdiction shall certify, to the satisfaction of the Secretary, that a portion of the rental credits received by that jurisdiction will be used to assist persons with disabilities, including persons with mental illness."

On page 105, lines 5-12, delete the existing subsection (h) (1), rewrite and reinsert the subsection as: "If the Secretary finds, based on an annual survey of each participating jurisdiction, that the set-aside requirements of Section 421 (e) (4) do not, in the

23-004 O - 89 - 5

aggregate for the nation, result in a pool of at least 3,000 rental credits for persons with disabilities, the Secretary shall allocate the balance of unused credits up to the 3,000 national set-aside, for persons with disabilities."

Subsections (h) (2) and (3) are retained should there be a need to implement the revised subsection (h) (1).

Justification:

In an effort to stimulate and encourage all participating jurisdictions to better address the needs of persons with disabilities, including persons with mental illness, each jurisdiction is expected to address those needs through its housing strategy (proposed amendment Section 105 (b) (1)) and through its use of rental credits (proposed amendment Section 421 (e) (4)). To satisfy the national policy preference to target some rental credits to persons with disabilities contained in Section 421 (h) of S.565, the 3,000 rental credit set-aside is maintained. However, given the desire to see each jurisdiction address the needs of persons with disabilities, and recognizing the costly and time consuming nature of a national competition strategy which will likely result in most of the credits going to larger urban areas with better "grants writers," the first, and preferred strategy is to have all jurisdictions involved in the effort to better serve persons with disabilities.

SUPPORTIVE HOUSING FOR THE HANDICAPPED: ALLOWABLE APPLICANT

Amend Subtitle C - Supportive Housing For The Handicapped - Section (f), Applications, page 155 of S. 565, by adding the following words which are underlined:

"Funds made available under this section shall be allocated by the Secretary among approvable applications submitted by private nonprofit organizations and public agencies of state and general local government.

Justification:

The Section 202 program, know in S. 565 as Supportive Housing for the Handicapped, is justified as a separate program because persons with disabilities, including persons with mental illness, require special services in combination with housing support. Recent amendments to the Section 202 program and the proposals of S.565 specify greater service obligations and responses by housing sponsors. In 1983, 63.9% of mental health services in

the United States were financed by state government (this fiqure does not include individual private practitioner reimbursements). County governments are also a significant financier of mental health services. It is possible that in 1989 70-75% of mental health services in the nation are financed by a combination of state and county governments. State mental health agencies are incresingly developing community housing programs. The proposed amendment recognizes the reality of mental health services financing in America and would allow public agencies to compete with nonprofits for these nationally administered dollars. If the purpose is to use federal dollars in the most efficient, effective, and quality manner possible, limiting the program only to nonprofit organizations is not the best alternative strategy.

SUPPORTIVE HOUSING FOR THE HANDICAPPED: TYPES OF HOUSING

Amend Section 521 (j) (3), pages 163 and 164 of S. 565, related to the term "supportive housing for the handicapped."

Insert a new subsection (3) (C):
the new insertion would be identical to Section 414 (b), page 195 of S. 565, related to the definition of Permanent Housing For Handicapped Persons under Subtitle D, Supportive Housing For The Homeless:

Insert: "Each project assisted under this subtitle shall be either a home designed solely for housing handicapped persons or dwelling units in a multifamily housing project, condominium project, or cooperative project. Not more than 1 home may be located on a site and no home may be located on a site contigous to another site containing such a home."

Justification:

The current Section 202 program has relied upon congregate and segregated housing projects. This practice is reinforced in S. 565 by the use of definitions in Section 521 (j) (1) of "group home" and in (j) (4) "independent living facility." Using a broader definition already contained in the McKinney Act Permanent Housing for the Handicapped Program and as continued in S. 565 would allow more flexible and integrated housing strategies to be developed on behalf of persons with disabilities, including persons with mental illness. The definitions of allowable kinds of housing should be the same for the Section 202/McKinney Permanent Housing for the Handicapped programs and should be as flexible with as many housing options as possible.

Testimony for the Record

ON THE NATIONAL AFFORDABLE HOUSING ACT

Submitted to

THE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS
OF THE SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

June 16, 1989

submitted by
Jean McGuire
AIDS Action Council

The AIDS Action Council welcomes this opportunity to comment on the National Affordable Housing Act. As we move into the second decade of the AIDS epidemic, the need for affordable and accessible housing options for people affected by HIV is emerging as a critical issue in the context of assuring them the least restrictive and most cost effective living opportunities as they deal with the challenges of this disease. As the national policy representative of AIDS community based organizations around the country, the Council is particularly aware of the difficulties these groups face in finding or developing housing alternatives for the people they serve. We thank the Subcommittee for the attention it has paid in this bill and in the hearings regarding the housing needs for people with disabilities and especially for requesting the input of the Council.

As many of your Committee members are already aware, housing issues for persons with AIDS have recently risen to prominence in a number of national publications (see attached). Communities, especially in urban centers, are struggling with the housing and other support needs for people with HIV and AIDS who are losing their access to housing as a result of discrimination or from the impoverishment that results from living with this disease. In addition, increasing numbers of those who are already poor and/or homeless are becoming HIV infected, complicating the already pressing problems of housing the homeless. The numbers of people with AIDS or HIV infection who are at risk of being homeless are difficult to estimate exactly. However, our agencies tell us that their greatest service challenge is their inability to meet the many requests they get for housing assistance.

The issue of assuring adequate, affordable, accessible housing for people with AIDS and HIV is more than just the issue of meeting the challenges of housing yet another segment of those who are in poverty. In talking about housing options for people with HIV/AIDS, we are also talking about the extent to which we can create more cost effective and humane living opportunities for those who are confronting this disease. All too often, for lack of affordable housing, we find people with AIDS living in more restrictive, and certainly more expensive, nursing homes and other health care settings, regardless of whether their care-related needs require that setting. As we look toward a future of people living for longer periods of time with this disease, it becomes even more important that we remove barriers to housing access and support for them.

We think a number of the new provisions in the Affordable Housing Act will in fact prompt expanded opportunities for people with AIDS and HIV infection. Like the rest of the disability community, we are concerned that people with disabilities be accorded full access to the range of programs supported under the auspices of the Department of Housing and Urban Development. Therefore, we wish to see this bill clearly affirm the Department's responsibility to assure such access by fully implementing the appropriate monitoring activities through the Section 504 compliance office. In addition , we wish to support the recommendations of the Mental Health Law Project regarding the Department's responsibilities to adequately assure compliance with the requirements of the recently enacted Fair Housing Amendments Act throughout the applicable HUD related programs.

In addition, we urge the Committee to assure that the Fair Housing Assistance Program be directed to develop testing and monitoring activities appropriate to evaluating discrimination on the basis of handicap. This would be best accomplished by establishing targeted training programs throughout the region and assuring appropriate linkages with organizations representative of the disability community's interest, including organizations representing the needs of persons with HIV/AIDS.

We also want to extend our support for another recommendation made by the Mental Health Law Project which we feel would significantly improve the opportunities available under the Section 202 program. The potential to more easily use Section 202 funds in the acquisition or construction of designated units within multifamily housing sites would significantly improve the ability of that program to foster integration, and

may also result in the ability to develop more cost effective units.

We likewise concur with the Law Project's concerns regarding: Section 202 cost containment and services requirements; the rental credit changes regarding employability criteria; designating credits allocated to jurisdictions to be available to people with disabilities; coordination with appropriate state related agencies; and elimination of the Secretary's authority to impose other requirements with respect to allocations for people with disabilities.

Finally, and of grave importance to us, we recommend that the bill's definition of "handicapped person", Section 522 (j)(2), should be changed from the existing Section 202 program definition on which it has been modeled to the definition contained in the Section 504 regulations of the Rehabilitation Act of 1973, adopted by the Department of Justice in its government-wide guidelines for federally assisted programs. Besides having a 15 year history of implementation in federally assisted programs pursuant to Section 504, it was incorporated into last year's Fair Housing Amendments Act, and was adopted in the 1988 Department of Housing and Urban Development's Section 504 regulations.

As you know, Section 202 has operated with categorical definitions of handicapped persons which have unnecessarily, and inappropriately, constrained the utilization of the program. This issue has been addressed but never fully resolved in a number of authorizing and appropriations committee reports over the last several years.

It has increasingly emerged as a critical issue for the AIDS community as we have experienced the denial of a number of project requests under both the Section 202 and McKinney Homeless programs in the last year. A copy of HUD's general counsel's determination is attached. This arbitrary determination of allowable disabilities is, at best, an artificial delineation, and, at worst, blatant discrimination. We would hope the Committee would act immediately to encourage administrative changes that would fully allow the participation of people with AIDS and HIV in these programs and also incorporate the changed language into this new statute.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0500

OFFICE OF THE GENERAL COUNSEL

11/please 9208

16 SEP 1988

MEMORANDUM FOR: Thomas T. Demery, Assistant Secretary for Housing Federal Housing Commissioner, H

FROM: Robert S. Kenison, Associate General Counsel
Office of Assisted Housing and Community Development, GC

SUBJECT: Housing for Independent People
Project No. 121-EH316

We are unable to concur in your proposed memorandum to Keith Axtell concerning the above application to fund 24 units of housing for persons with AIDS in which you concluded that the project could be funded as a project for the physically handicapped for which AIDS would be a qualifying condition, although the project could not be limited to persons suffering from AIDS.

We find the definition of "physical handicap" as meaning "mobility impairment" to be misleading and believe a more meaningful and accurate criterion would be "an impairment which results in a functional limitation in access to and use of a building." (§3.5 of UFAS) This definition equates with the statutory requirement under section 202(d)(4) that the impairment must substantially impede a person's ability to live independently.

Persons suffering from AIDS would need to have an impairment meeting this test in order to be eligible. Thus, we agree with your proposed memorandum that a diagnosis of AIDS would not alone be sufficient; the disease would have to progress to the point where it would be a substantial impediment to normal life activities in conventional housing.

However, in addition to the existence of the requisite impairment, it must be "expected to be of long-continued and indefinite duration" under section 202(d)(4). We have made a detailed search of the legislative history of this provision and find that the handicapping conditions of concern to Congress (e.g., heart conditions, arthritis, rheumatism, visual impairment, back or spinal impairment, paralysis) were those which, although causing severe and chronic impairment, permit functioning on a relatively stable level for a substantial period of time. The objective was to enable persons so afflicted to live independently and productively, to perform the functions of

daily living and to participate in a normal range of activities which they could not do in conventionally designed housing. Significantly, the legislative history, covering a period from 1964 to the present time, for housing for the handicapped has never once referred to persons suffering from AIDS or other degenerative conditions as potential participants in the section 202 program. Recent Congressional concerns have been addressed to the homeless and deinstitutionalized mentally ill.

Of significance, also, is the absence from section 202, as a criterion for eligibility, of a disability as defined in section 223 of the Social Security Act. While inability to work is a requirement for a "disability," for "handicap" employment is encouraged and productive activity in the home is expected. Whereas a disability can be expected to result in death or recovery, a handicap is long-term disabling, and neither death nor recovery are expected.

The third requirement under section 202(d)(4) is that the impairment "is of such a nature that such ability could be improved by more suitable housing conditions." When persons with AIDS reach the point where nursing care or medical intervention is needed, they would no longer appear to be eligible for a section 202 project, since they would not be able to live independently in housing but would require institutional care. Nursing care and hospital services are not eligible activities in a section 202 project. We understand that the applicant proposes to solve this problem by removing the residents to other facilities when they are in need of nursing or medical care. Such an arrangement could result in frequent, extended (and even in some cases permanent) absences from the residence of such individuals, which would not be consistent with a normal residential environment meeting the stable special needs of its handicapped residents.

For these reasons, we believe that a reading of the statutory constraints under the section 202(d)(4) definition of handicap in conjunction with their legislative history requires exclusion of AIDS and other progressive degenerative diseases as the basis for statutory eligibility under the program.

cc: See list attached.

GCH:Park:bp/lts 9/8/88 Ext. 755-0994

AIDS Action Council

January 19, 1989

The Honorable Jack Kemp
Secretary - designate
Department of Housing and Urban Development
451 Seventh Street, SW
Room 10000
Washington, DC 20410

Dear Honorable Kemp,

Greetings and congratulations on your nomination by President-elect George Bush for the position of Secretary of the Department of Housing and Urban Development. Your tenure begins at a time when housing issues are emerging as critically important services for people with HIV-related disease. We look forward to working with you on finding solutions to these problems.

As you assume your new responsibilities, I am urgently requesting your immediate attention to an internal decision which has blocked access to housing opportunities for people with AIDS (see attached). As you know in New York City, as well as many jurisdictions around the country, the lack of housing options for people with AIDS is compromising their treatment and increasing the already considerable burden on public hospitals and other health settings. In the face of such a tragedy, it is unconscionable to argue about the nature of AIDS in the eligibility determinations for housing for people with handicaps.

Leaving aside the fact that the underlying statutes and regulations have long needed to be re-written, we are faced with a crisis of tremendous proportions, both a crisis in housing as well as a crisis in health care.

To the extent that we need to narrowly contrive AIDS within the rubrics of "physical handicap" for access to these programs, I challenge your General Counsel's conclusion that AIDS does not

2033 M STREET, N.W. • SUITE 802 • WASHINGTON, D.C.

comply. To the extent that the issue is then a tactless one of "permanence", I would point out both that people with AIDS are living with their disability for truly indeterminate lengths of time and that HUD's Section 202 program has always had some aspect of transition associated with it.

While neither the Section 202 or the Permanent Housing for the Handicapped program have the potential to offer the level of immediate relief needed in the communities, we cannot allow even one opportunity for housing for people with AIDS to be obstructed.

I will call your office next week to determine how best to pursue this issue.

Sincerely,

Jean F. McGuire
Executive Director

Enclosure

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY FOR
HOUSING-FEDERAL HOUSING COMMISSIONER

FEB 20 1989

Ms. Jean F. McGuire
Executive Director
AIDS Action Council
2033 M Street, N.W., Suite 801
Washington, DC 20036

Dear Ms. McGuire:

Thank you for your January 19, 1989 letter to Secretary Jack Kemp requesting his immediate attention to an internal HUD decision which has prevented the development of housing for people with AIDS under HUD's Section 202 Direct Loan Program for Housing for the Elderly or Handicapped.

As our Office of General Counsel indicated in the September 16, 1988 memorandum which you enclosed with your letter, the legislative history of the Section 202 program has never included degenerative diseases as a qualifying condition for eligibility for participation. Historically, the program has addressed the housing and related needs of the elderly, the physically handicapped, the developmentally disabled, and more recently, the chronically mentally ill population. Furthermore, to qualify as physically handicapped, a person would have to have a "mobility impairment" or "an impairment which results in a functional limitation in access to and use of a building" which is expected to be of long-continued and indefinite duration and which could be improved by more suitable housing conditions.

Over the past several years since the onset of AIDS, the issue of eligibility of people with degenerative diseases for the Section 202 program has been examined once again with the same results. To this date, we believe both the statute and Congressional intent still leave the category of degenerative diseases excluded as a qualifying condition for the Section 202 program.

However, as Jack Kemp begins his tenure as Secretary of the Department of Housing and Urban Development, it is appropriate that he be given the opportunity to address the housing issues related to AIDS among the many issues he will be facing in the coming months.

We appreciate your interest in the housing needs of the growing population of people with AIDS and will ensure that Secretary Kemp is made aware of your concerns.

Very sincerely yours,

R. Hunter Cushing
Deputy Assistant Secretary for
Multifamily Housing Programs

New York Times June 15/89

Dispute Stalls Koch Proposal For Homeless AIDS Patients

By SARA RIMER

A Koch administration plan to provide humane housing for homeless people with AIDS-related illnesses has been held up by a dispute with the state over where best to house them.

State officials have sharply criticized the city's proposal to set aside 255 beds in special units in city shelters for those suffering from AIDS-related illnesses. The proposal was part of a larger plan to care for people with AIDS and AIDS-related illnesses announced last month by Mayor Edward I. Koch. The Mayor's plan was prompted in part by a recommendation five months ago by Justice Edward H. Lehner of State Supreme Court in Manhattan.

"We don't ultimately believe that people with AIDS-related illnesses should be in shelters," Jeffrey Carpies, a deputy commissioner with the State Department of Social Services, said yesterday. "We're very concerned that if they set up special shelters for those with HIV-related illnesses, there will be no incentive, no will, to develop the kinds of good institutional care we're talking about."

People suffering from AIDS-related illnesses should be housed in private or double rooms in residences designed specifically to meet their needs, Mr. Carpies said.

Koch Adviser Is 'Optimistic'

He and other state officials met with city social services officials until late yesterday in an effort to work out their differences. Suzanne Trazoff, a spokeswoman for the city's Human Resources Administration, said the outcome of that meeting would be announced, perhaps as early as today.

"My understanding is that the differences between us are not that great," Caryn Schwab, a special adviser to the Mayor on health issues, said yesterday. "We're optimistic that we'll reach an agreement shortly."

Ms. Schwab said the 255 shelter beds were only one part of the city's plan for people suffering from AIDS and related illnesses. The plan would add another 1,150 beds in hotels, apartments and newly constructed or rehabilitated buildings.

Advocates say that while state and city officials continue to argue about the plan, hundreds of people with AIDS-related illnesses are being forced to live on the streets because they are afraid to stay in city shelters. The advocates estimate that 2,800 such people are in city shelters.

Plan Came in a Suit

"Albany and City Hall continue to bicker while very sick people languish on the streets," Robert M. Hayes, the executive director of the Coalition for the Homeless, said yesterday.

Justice Lehner made his plea last January while ruling that a homeless man with symptomatic HIV infection must be provided with housing outside the city's barracks shelters. His ruling was a response to a class action suit filed by the Coalition for the Homeless and joined by the American Civil Liberties Union.

In a major shift in policy, Mayor Koch announced last month his new initiatives for dealing with the AIDS crisis. The plan includes opening the city's first shelter specifically for homeless people with AIDS and making more people in various stages of the illness eligible for AIDS services.

Three days after Mr. Koch's announcement, lawyers for the state sent a letter to Justice Lehner that criticized some aspects of the city's plan.

"The State Departments of Social Services and Health have not approved the plan that was submitted to you by New York City," the letter stated in part. "We are concerned that critical aspects of the plan are not consistent with State laws and regulations."

New York Times 4/21/89
p. A12

Cleveland Journal

New Hope on the Street: A Home Before Dying

By JENNIFER STOFFEL
Special to The New York Times

CLEVELAND, April 20 — Too often, said the Rev. Paul Hritz, pastor of St. Malachi Roman Catholic Church, he has buried people who died alone in their rooms or froze to death on the city's sidewalks.

Too often, he said, they have been the same people who had come to depend on the hot coffee and sandwiches handed out daily at the rectory's back door and who turned up regularly at the Monday night suppers served in the parish hall at the westside neighborhood church.

With the opening of the Malachi House of Hope last October, the parish has begun offering shelter and round-the-clock care to the terminally ill among the homeless.

Malachi House is not quite a hospice; it is not licensed to provide medical care, as are the handful of programs set up specifically for homeless AIDS patients in Los Angeles, New York City and San Francisco.

The goal of Malachi House is simply to ease the last days of those who "literally fall through the cracks" of the nation's social service system, said Catherine A. O'Neill, who heads the program's board.

"We wanted to offer a place where they would be cared for as you would a family member," Father Hritz said.

And to provide the most care possible, said Mrs. O'Neill, the definition of homelessness has been stretched to include anyone who "faces death alone."

• • •

Around the country, some homeless people who become ill find their way into nursing homes or hospitals drawing on benefits from Medicare, Medicaid or the Supplemental Security Income program. But others die on the streets, too young or not ill enough for Medicare or too ill to survive a wait for a nursing home bed or the four months needed on average to begin receiving the supplemental benefits.

The average stay at Malachi House has been 10 days.

Father Hritz's dream began moving toward reality two years ago when a parishioner donated four turn-of-the-century row houses. "We all agreed that this was the project to do," he said.

The houses, which are near the church, have been renovated and decorated for a homey atmosphere. The floors are carpeted, the walls and woodwork are freshly painted and the furnishings are comfortable.

Malachi House relies largely on volunteers and community donations. The three paid staff members are nuns who live there.

• • •

The lack of medical professionals on the staff has caused some concern among health professionals in the city, in part because so many of the 7,500 homeless here suffer from communicable diseases like tuberculosis or are dying from AIDS and need skilled care.

"There have been some questions raised, but it is not intended to be a nursing home," said Dr. Germaine Hahnel, the medical director at a suburban nursing home who heads a six-member medical advisory group at Malachi House. "We're simply being a surrogate family."

Each person accepted at Malachi House has been evaluated by a physician, and when medical care is needed, the person is referred to a hospital.

Last month at an orientation program, volunteers were given tips on handling bed baths and changing linens. But most of the training focused on the philosophy of accepting death without turning to heroic life-saving efforts.

> A parish offers a family setting for the terminally ill who are alone.

"The ideas here are very holistic, which goes along with what I believe in," said Kyle Paskert, a nurse at a local hospital who is one of 135 volunteers to have finished the six weeks of training.

• • •

One current resident is Edward Swintek, a former taxi driver who is a World War II veteran. Mr. Swintek, who is 70 years old, dying of cancer and able to get around only slowly with the help of a walker, was living alone in a rundown inner-city hotel when a social worker suggested Malachi House. He had been waiting for an opening in the Veterans Administration nursing home.

"I know there are good nursing homes if you have the money," he said, "but I've seen some others when you don't. I was scared."

At lunchtime recently, as volunteers were preparing soup in the kitchen, Mr. Swintek sat, bathed in sun, in an easy chair in front of a bay window. Piled next to him were videotapes rented for the evening's entertainment, including "North to Alaska" starring John Wayne, a favorite.

"When I came here and saw this, I mean this is luxury, I said, this is the place for me," he said. "And, you know, I have met more people here in the last few weeks than I did in six months out there."

The New York Times/ Jennifer Steffie

Sue Baxton, director of the Malachi House of Hope in Cleveland, a shelter for homeless who are terminally ill, tending to Roosevelt Smith.

New York Times Feb 8/89
A1, Cont. B6

Flaws in Health Care System Emerge as Epidemic Rages

By BRUCE LAMBERT

The changing AIDS epidemic is exposing gaps and weaknesses throughout the nation's health care system as growing multitudes of patients need a wider array of services.

"AIDS highlights all the flaws in American health care: the lack of preventive medicine, primary physician care, long-term facilities, home care, universal insurance and drug treatment," said Dr. Jo Ivy Boufford, President of New York City's Health and Hospitals Corporation.

As the epidemic enters its ninth year, the impact of AIDS on health care and the availability of services vary drastically by region and economic class.

Although many AIDS patients are getting good care, cities with high caseloads are strained, health officials say. Poor patients without health insurance in places with sparse services are the most deprived, but even middle-class patients are often forced into penury and reliance on Federal Medicaid to pay their enormous medical bills.

"We've got big holes in our safety net," said Dr. Lonnie R. Bristow, a spokesman on AIDS issues for the American Medical Association.

The Changing Face Of AIDS

Last of four articles.

In cities with large caseloads, like New York, hospitals are increasingly filled with AIDS patients who could receive less expensive and more humane treatment through other kinds of institutions, likenursing homes, hospices, home care services. Yet such alternative forms of care are vastly inadequate to meet even the current need, let alone the burgeoning number of patients projected in the years ahead.

As of Jan. 30, about 85,000 AIDS cases had been reported; more than 36,000 patients were alive and in potential need of care and services. The greatest challenge, though, lies ahead. The Cen-

Continued on Page B6, Column 1

CONT'

0354633 06

THE NEW YORK TIMES is available for home or office delivery in most major U.S. cities. Please call this toll-free number: 1 800 631-2500 AT&T.

Continued From Page 1

ters for Disease Control projects that 162,000 patients diagnosed with AIDS will be living by the end of 1992.

By that year, these Federal experts project, 285,000 to 440,000 Americans will have developed AIDS.

More than 25 percent of new patients today are drug addicts, their sex partners and babies — the groups most likely to need public assistance. These groups, mainly blacks and Hispanic people from the inner city, account for a gradually rising share of the nation's cases and a majority in some cities including New York.

Cases of full-fledged AIDS are only part of the problem. Access to public funds and services is tenuous for those suffering from illnesses caused by the same virus but not technically defined as AIDS cases, medical experts say.

And little is being done so far to help most of the estimated one million Americans who have the AIDS virus but who are not yet sick and may not even know they are infected. They could benefit from early care, according to health experts.

A Crucial Role For Insurance

The quality of AIDS care depends on many factors, and private health insurance is often crucial. Many patients get adequate treatment, especially if they have insurance and personal physicians in cities with sophisticated care.

But many other AIDS patients do not get proper care, health experts say. The epidemic spreads increasingly among the poor, who become charity or Medicaid cases and sometimes get second-class medical treatment. Many typically show up in emergency rooms with little time left to live.

Even those with insurance can lose it, fired because of sickness or discrimination from jobs that provide insurance. Federal authorities estimate that 60 percent of AIDS patients end up on Medicaid.

Municipal hospitals are especially hard hit, according to the National Association of Public Hospitals. New York's flagship city hospital, Bellevue, is swamped with AIDS patients, who occupy 27 percent of its general beds.

Another problem is limited health care for the indigent in many Southern and Western states that have chosen to limit their participation in the Medicaid program. "There are not enough beds — hospitals don't want you unless you have insurance — and people are thrown on the streets," said Harry Livesay, a case manager for the AIDS Foundation of Houston.

Most of the nation's health care institutions are coping with the influx of AIDS patients without severe disruption. But some have simply avoided dealing with AIDS. Nursing homes, for example, have accepted hardly any AIDS patients. Alternative care is scarce.

An Epidemic's New Needs

The epidemic's changing dynamics are creating needs for more and different services.

With improving treatment, some patients are surviving longer. Although no magic cure or vaccine is in the offing, AZT sometimes prolongs lives.

"The good news is people are living longer, but that means more services," said Paul Kirchgraber of the nonprofit AIDS Project in Los Angeles. John S. Mortimer, the group's government affairs director, said: "AIDS is becoming more an issue of living than dying. If someone has only two months to live, you can ignore a lot of things and get by. But if they're living two years, you can't ignore their needs."

Voluntary agencies have sprung up to help meet needs like home food delivery and assistance with wills. But such groups are much less advanced among the inner-city patients whose numbers are rising.

Trying to Plan How to Pay

"The AIDS agenda for 1989 is carved right in the wall: How to pay for compassionate care for those who need it now and in the future," said June E. Osborn, the University of Michigan's dean of public health.

Analysts estimate the average lifetime cost of AIDS treatment at about $60,000, with wide regional variations. California finds spending per case in Los Angeles is double the cost in San Francisco, which relies on volunteer agencies and non-hospital care whenever possible.

Earlier forecasts that AIDS would bankrupt insurance companies, hospitals and governments have not materialized. It is estimated that AIDS care will cost $3 billion this year, half a percent of the nation's health bill. That share will grow as the cases rise, however.

The burden has fallen unevenly on big cities and the leading AIDS states of New York, California, Florida, New Jersey and Texas. AIDS officials frequently complain that money is hard to come by.

The Many Uncounted

Strictly defined AIDS cases represent only a small part of the epidemic. AIDS programs show glaring omissions for those who do not qualify as AIDS patients but suffer from related illnesses caused by infection with the AIDS virus. The number of these is not recorded, but researchers believe it is many times the total of outright AIDS cases.

"People with AIDS-related complex may be just as sick but don't automatically qualify for disability; we all realize that's a problem," said Richard Chambers, intergovermental affairs director for the Federal Health Care Financing Administration. In New York City, people with AIDS-related complex are denied housing assistance available to those diagnosed with AIDS.

Still more significant in scope are

CONT →

those who are infected but don't show symptoms and the absence of a comprehensive program to get them counseled, tested and medically monitored.

"If everybody who is positive got tested, there wouldn't be anywhere near enough doctors to handle them," said Paul Wychulas, executive director of Body Positive, a group of New Yorkers who have the virus.

The Points Of Strain

Compared to the rest of the nation, New York's AIDS crisis stands in a class by itself, burdened with the largest caseload at a time when its hospitals are perilously jammed.

AIDS is only one cause. The others include a state cutback in beds, lack of public funds, increasing burdens related to the crack epidemic, and shortages of housing and nursing homes for discharged patients.

"We just don't have enough beds and nurses to take care of everybody, AIDS or not," said Kenneth E. Raske, president of the Greater New York Hospital Association.

There are other weak links. In states with limited Medicaid, poor patients with AIDS and other illnesses sometimes go without services, according to Samuel C. Matheny, associate administrator of the Federal Health Services and Resources Administration.

"People are burning logs in pans to keep warm," said Mr. Livesay in Houston. "People who have lost control of their bowels or urinary function and can't get out of bed are living in their own filth."

Even San Francisco, hailed as the model for services, feels strained. Some officials say further AIDS spending will jeopardize other city services.

Politics and Prospects

Agitating for more money and helping to fill the service gaps, nonprofit AIDS organizations continue to proliferate, from 400 to 580 last year alone, says the coordinating National AIDS Network. These agencies say they have trouble keeping abreast of needs.

From city halls to Washington, officials have pleaded for more AIDS services. In the past year, a Presidential commission proposed a national program, San Francisco and New York issued local AIDS plans, and others are following suit.

But these proposals come at a bad time, when all levels of government are grappling with deficits.

Gaining support for AIDS-related funding may become even more difficult as the disease is increasingly associated with poor minorities.

Advocates look to the Bush Administration with hope and uncertainty, after eight years of faulting President Reagan. The new President's tone has appeared to be decidedly more sympathetic, but there is no guarantee that will translate into more funds.

A new national AIDS commission, mandated by Congress, is being formed to seek enactment of last year's commission report. But like the old commission, the new one does not have the power to order action.

Public health experts offer glum assessments of how well the nation is meeting the growing challenge of AIDS.

"We will take a hell of a beating — we already are," said New York City's health commissioner, Dr. Stephen C. Joseph. At the University of Michigan, Dr. Osborn said: "We are running a desperate race against some awful projections."

Carol McDonald, a volunteer dentist, administering Novocain to Green Denson, who has AIDS, at a dental clinic set up by Bering Memorial United Methodist Church in Houston. The church set up the clinic after learning that many AIDS patients were turned away by dentists who feared contracting the disease.

CONT →

Photographs for The New York Times by SARA KRULWICH

Andrew Weisser, a volunteer cook at Our House, a residence in Los [illegible] ferers at a meal. There are case managers in residence 24 hours a day at Angeles for people with AIDS and other problems, serving AIDS suf[illegible] the house, which can handle up to 10 AIDS patients at a time.

CONT →

New York Times Front Page Feb 6/89

Inner City Under Siege: Fighting AIDS in Newark

By LENA WILLIAMS
Special to The New York Times

NEWARK — The AIDS virus has reached deeply into the nation's black and Hispanic ghettos, devastating communities and families already overwhelmed with social and medical ills.

As the disease spreads, it is changing from a plague once overwhelmingly identified with homosexual men to one that strikes more and more poor blacks and Hispanics, mainly drug addicts, their sex partners and babies.

The Changing Face of AIDS
Second of four articles.

Nowhere is this change more evident than in Newark. Government and community groups in this largely black city of 330,000, which ranks fifth in the nation in total number of AIDS cases, are struggling to mount a counter-attack against a pernicious new enemy.

The plight of Newark is crystallized in this chilling fact: blood surveys last year in the maternity ward at University Hospital, which serves a mainly poor, black and Hispanic community, determined that 1 of every 23 babies was born to a mother infected with the AIDS virus. That ratio is likely to be typical of several Newark hospitals, said Dr. Edward Connor, University Hospital's associate director of infectious diseases, who did the studies.

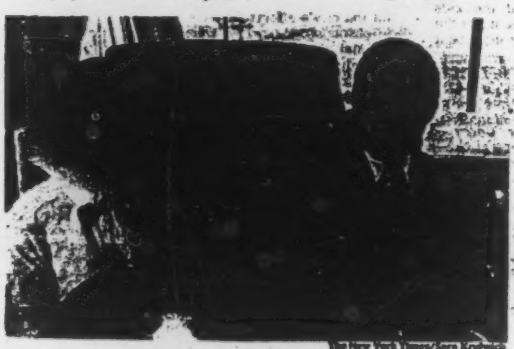
'Devastatingly High'

Doctors estimate that half the babies born to infected mothers — one in every 46 babies born — are infected themselves and have a high chance of developing the fatal disease in early childhood.

"That is a horribly, devastatingly high number," said Dr. James Oleske, who heads the infectious disease division at University Hospital and the AIDS program at Children's Hospital of New Jersey.

The AIDS virus is exacting a

Continued on Page B8, Column 1



The New York Times/Sara Krulwich

Dr. Arthur Tyehemba, a volunteer in a mobile health van that offers AIDS counseling in Newark, talks with residents.

Continued From Page 1

fearful toll on many black and Hispanic families here, infecting two or even three generations at once. The virus is typically spread by contaminated drug needles, by heterosexual intercourse between a drug addict and a spouse or lover, and from mother to newborn in the womb or at birth.

"In cities like Newark, AIDS has become a disease of the family," said Wayne Duncan, coordinator of the National Minority Outreach Initiative Grant Program for the United States Centers for Disease Control. "We're talking about women, children, men. It's not skipping over anyone."

Dr. Patricia Kloser, clinical director of the AIDS program at University Hospital, recalled the case of Mary, a 29-year-old Hispanic woman who lost her husband, young son and baby daughter to AIDS in the space of two years.

The husband, an intravenous drug user, was infected through contaminated needles. He died of pneumonia last year. Mary contracted the virus from intercourse with her husband and passed it on at birth to both of her children. Her son died at the age of 3 from meningitis related to AIDS, her daughter at 18 months from lung problems associated with AIDS. Mary herself is now suffering from AIDS-related complex, a set of serious symptoms that are often a precursor of full-fledged AIDS.

Hope That One Might Live

Another of Dr. Kloser's patients, Joan, contracted the virus from her husband, an intravenous drug user who died of AIDS-related pneumonia two years ago. Her next lover, also a drug addict, has been diagnosed with AIDS-related complex. Joan herself died of an AIDS-related infection last year at the age of 22.

She had three children. One died of crib death, but doctors now suspect the baby may have been infected with the AIDS virus. Another died of AIDS. And the third is now losing weight and suffering from AIDS-related complex.

Though she knew she was infected, Joan decided to have the third child in the hope that at least one might live. "She used to carry pictures of them around in her wallet," Dr. Kloser recalled.

In another family, an 8-year-old boy with AIDS is the only survivor; his mother, father and sister have all died of the disease. The boy has told health workers he wants to die so he can join his family in Heaven.

CONT →

One Plague Among Many

Despite its impact on individual families, AIDS is not sending shock waves through neighborhoods that are already suffering from drugs, crime, poverty, illiteracy, unemployment and deteriorating housing.

People in the Walsh Homes, an isolated, rundown housing project in northeastern Newark, often deal with "the virus," as it is known on the streets, with denial, humility and sometimes crude humor.

"Kids around here joke about the virus," said Sabrina Gaskins, a resident of Walsh Homes. "Someone loses a little weight and the kids snicker and say, 'Hey, I bet he got the virus, man.' They're really silly about it."

Dr. Mary Frances Berry, who has done extensive research on poverty, said, "It is just another plague visited upon people who are already plagued with other problems." Dr. Berry, a professor of law and history at Howard University in Washington, is a member of the United States Commission on Civil Rights.

"It isn't surprising to find this reaction in poor minority communities," she said. "Here is another burden added on to those who do not have the resources or the strength to deal with their lives."

Although Newark is slowly climbing back from its nadir as a symbol of urban decay, it is still one of the poorest cities in the nation. About one-third of its residents live below the poverty line, and the percentage of homeless is three times that of New York.

Most of Newark's AIDS victims are black or Hispanic. Of 1,110 cases reported by the end of last year (622 of them fatal so far), 83 percent of the victims were identified as black, 11 percent Hispanic and 6 percent white.

According to the New Jersey Health Department, 80 percent of Newark's AIDS cases can be traced to intravenous drug use, as against a national average of about one-fourth. The incidence of transmission by heterosexual intercourse is also much higher than the national average.

Government and industry, along with scores of civic, church and community groups, are trying to stem the AIDS tide with a variety of new programs.

Last year, the city established a Task Force on AIDS, made up of elected officials, community residents and leaders, health care workers, scientists and educators. It has distributed educational materials and is trying to establish a health care center for AIDS patients who do not yet need to be in the hospital. Last May, the city's five major hospitals joined to open a nursing center for AIDS patients.

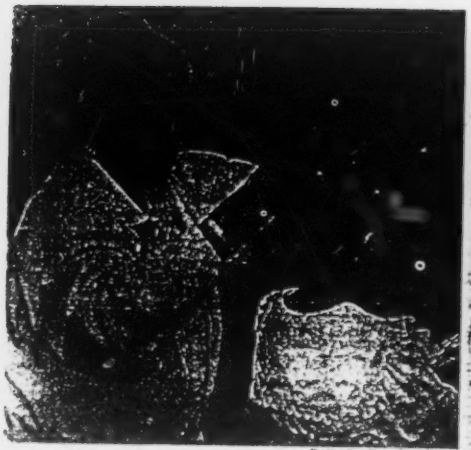
Former drug addicts have been enlisted to return to their old haunts to warn users about the dangers of sharing needles. Group homes for children with AIDS have been established, citywide conferences held and community outreach programs started.

But the city's efforts face tremendous obstacles. Experts agree that eduational measures that seem to have reduced the spread of AIDS among gay men will not work in poor communities. Many black and Hispanic men, for example, refuse to use condoms, viewing them as something for homosexuals. And even when the men are intravenous drug users, their wives or lovers are afraid to ask them to use condoms.

"One woman came to us crying because her husband wants to engage in anal sex without using a condom and she's afraid," said Cheryl Collins, a counselor at Renaissance House, a drug rehabilitation and treatment center that offers AIDS counseling and services. "She said he said that if she didn't do it, he'd go with other women who liked to do it that way."

"She already suspects he's doing

CONT →



The New York Times/Sara Krulwich

Diane Cogman preparing her niece, who has AIDS, for a hospital visit for a vaccination. The girl's mother is hospitalized with AIDS. "There aren't too many people you can turn to, because people are so afraid," said Ms. Cogman. Dr. Patricia Kloser, right, clinical director of the AIDS program at University Hospital in Newark, examining a patient along with Dr. Eric Munoz, chief medical officer of the hospital.

that now," Ms. Collins added. "I summoned up enough courage to tell her she should think about leaving him. And she said she couldn't. Why? Because he pays for food and she couldn't afford to lose his support."

Enemies: Fear And Denial

Many residents have a general distrust of government, hindering the city's campaign against AIDS. "We're talking about a very suspicious population," said Ms. Collins. "Nobody's ever done anything for the people here, so why should they think we're out to do them good now?"

Prevention and treatment programs must also overcome reluctance to acknowledge the existence of the disease. AIDS in the community "is not something you want to publicly advertise," said Councilman-at-large Donald Tucker, chairman of the AIDS Task Force. "That is one of the realities we have to face." He added that too many people still viewed AIDS as a disease of gays and drug addicts, "not totally worthy of government consideration."

The city's efforts have also been hurt by fears of a racial backlash against minority groups that become more closely identified with AIDS. In the Hispanic community, language barriers, cultural differences and illegal immigration status have added to confusion and mistrust.

Some Newark residents say they are refusing to get tested for the human immunodeficiency virus, the cause of AIDS, because they would rather live with uncertainty than with the likelihood that friends and relatives would shun them if they turned out to be infected.

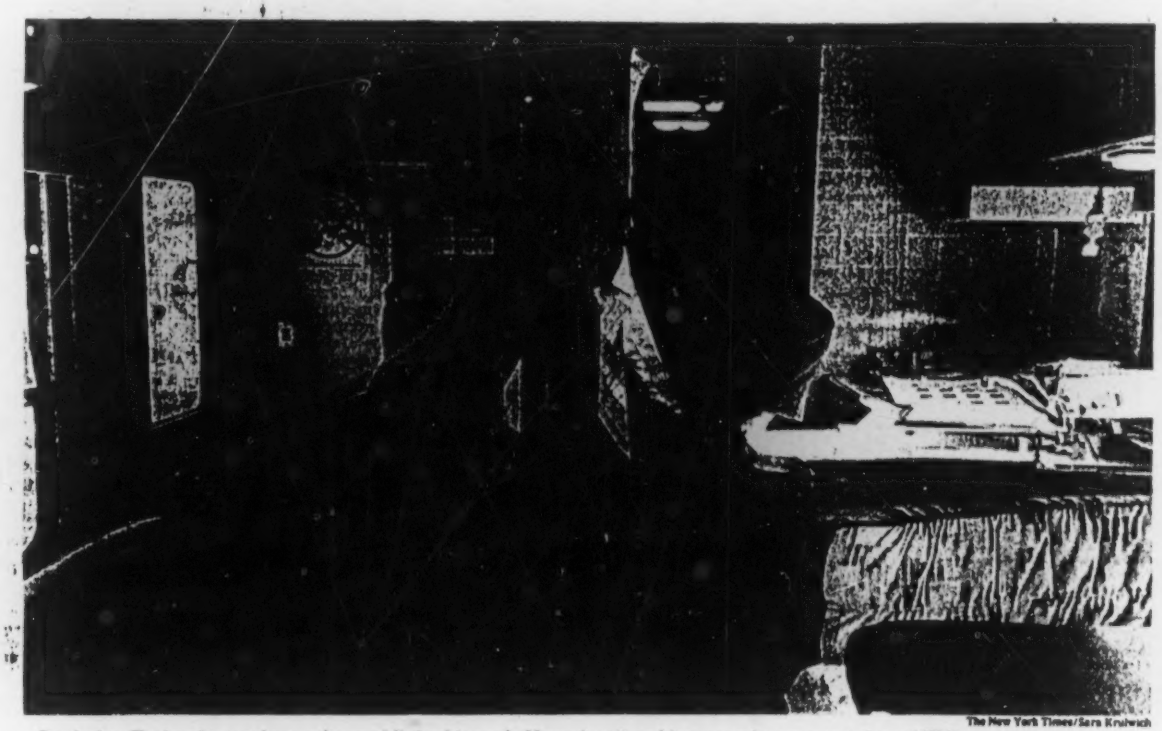
"All they have sometimes are their buddies," said Ms. Collins. "They don't want to be shut out. They've all heard the stories about people being kicked out of the projects because they were HIV-positive. Many didn't have anywhere to go but the streets."

'People Are So Afraid'

Diane Cogman, a former addict, is caring for her 2-year-old niece, who is infected with the AIDS virus and whose mother is hospitalized for AIDS. Ms. Cogman has found solace in Hallee House — an organization that provides support services for families and foster parents who have or are caring for children with AIDS — and in God. "I will lift up mine eyes unto the hills from whence cometh my help," she said, quoting Psalm 121. "My help cometh from the Lord."

"Sometimes I really get depressed," she said, a defeated expression on her face. "There aren't too many people you can turn to, because people are so afraid; they're so quick to judge and to shun. I don't need that and this baby sure doesn't need it."

Next: Gay men's struggle for life



The New York Times/Sara Krulwich

Dr. Arthur Tyehemba, a volunteer in a mobile health van in Newark, talks with a man who appears to have AIDS.

Street Scene: Two Paths, One Victim

Dr. Arthur Tyehemba works three days a week as a volunteer in a mobile health van sponsored by Renaissance House, a Newark drug treatment center that offers AIDS counseling and health services in impoverished neighborhoods. One day not long ago, a former drug abuser stood outside the van imploring an addict friend to let Dr. Tyehemba examine him.

"Man, maybe he can help you," the man told his friend, who appeared to be suffering from AIDS. "You stay here. We'll be right outside."

The addict, hiding his face with a hooded down jacket and wool scarf to conceal signs of Kaposi's sarcoma, a cancer found in many AIDS patients, silently observed Dr. Tyehemba, who gave him a long look in return.

"Don't you remember me?" Dr. Tyehemba asked the man, who responded with a look of incredulity.

When Dr. Tyehemba momentarily left the van's waiting area to attend to another patient in the examining room in the back, the addict slipped out.

"We used to be in the same street gang together," Dr. Tyehemba said later. "I think he recognized me but was too ashamed to acknowledge it."

NAMI

WILLIAM W. SNAVELY
PRESIDENT
CAROLINE SNEED
FIRST VICE PRESIDENT
BRENDA W. LYLES
SECOND VICE PRESIDENT
HERBERT S. REISENFELD
TREASURER
DON H. CULWELL
CLAIRE GRIFFIN-FRANCELL
ROBERT G. HAACK
THOMAS M. POSEY
DALE L. JOHNSON
ELAINE PURPEL
ELEANOR D. SCHORR
DON WEISS
MALCOLM WILSON

LAURIE M. FLYNN
EXECUTIVE DIRECTOR
JAMES T. HAVEL
DEPUTY EXECUTIVE DIRECTOR

STATEMENT RESPECTFULLY SUBMITTED FOR THE RECORD

TO THE SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

THE HONORABLE ALAN CRANSTON, CHAIRMAN

ON THE NATIONAL AFFORDABLE HOUSING ACT (S.565 AND S.566)

SUBMITTED BY THE NATIONAL ALLIANCE FOR THE MENTALLY ILL

JUNE 13, 1989

NATIONAL ALLIANCE FOR THE MENTALLY ILL
2101 WILSON BOULEVARD, SUITE 302 • ARLINGTON, VA 22201
703-524-7600 • FAX 703-524-9094

NAMI

WILLIAM W. SNAVELY
PRESIDENT
CAROLINE SNEED
FIRST VICE PRESIDENT
BRENDA W. LYLES
SECOND VICE PRESIDENT
HERBERT S. REISENFELD
TREASURER
DON H. CULWELL
CLAIRE GRIFFIN-FRANCELL
ROBERT G. HAACK
THOMAS M. POSEY
DALE L. JOHNSON
ELAINE PURPEL
ELEANOR D. SCHORR
DON WEISS
MALCOLM WILSON

LAURIE M. FLYNN
EXECUTIVE DIRECTOR
JAMES T. HAVEL
DEPUTY EXECUTIVE DIRECTOR

STATEMENT FOR THE RECORD SUBMITTED TO THE SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS, THE HONORABLE ALAN CRANSTON, CHAIRMAN, ON THE NATIONAL AFFORDABLE HOUSING ACT, BY THE NATIONAL ALLIANCE FOR THE MENTALLY ILL, JUNE 13, 1989.

The National Alliance for the Mentally Ill (NAMI), a national network of 70,000 members comprised of families of persons with serious mental illnesses as well as those persons themselves, appreciates the opportunity to provide written testimony concerning the National Affordable Housing Act (the Act).

NAMI applauds the hard work which has gone into creating this comprehensive bill and the commitment demonstrated by Senator Cranston, Senator D'Amato, their staff's, and the co-sponsors of this bill to alleviate the serious housing problems which currently exist in this country. Our broad housing goals, like those of other disability advocacy groups, is to promote increased housing opportunities and housing options for persons with disabilities. We are pleased that this bill includes provisions which potentially provide for increased access to community housing options for persons with disabilities.

While the current housing crisis impacts on all segments of American society, persons with disabilities have been perhaps most seriously impacted. For example, persons with mental illnesses must wait for many years in a number of states to move into suitable supervised housing programs. For those who don't require or desire to live in such supportive housing, the waiting lists for tenant-based Section 8 certificates is often equally long. These problems will unfortunately continue to exist even after this progressive and well-conceived bill is passed. The following suggestions are therefore aimed both at leading to possible changes to specific provisions within the Act itself and at setting forth general policy premises.

(1) <u>Persons with disabilities should be provided with opportunities to select among a broad range of community-based housing options.</u>

NAMI believes that congregate living situations such as group homes are appropriate for some individuals with mental illnesses but not for all such individuals. Some individuals require structured living situations with extensive supports such as group homes or supervised apartments. Others are capable of living independently in a variety of housing settings, with support services provided outside of the home

NATIONAL ALLIANCE FOR THE MENTALLY ILL
2101 WILSON BOULEVARD, SUITE 302 • ARLINGTON, VA 22201
703-524-7600 • FAX 703-524-9094

on an as needed basis.

Section 202 monies have traditionally been restricted to defined types of housing. The majority of these monies have been used for the acquisition or construction of group homes or other congregate living situations. NAMI believes that 202 monies should continue to be available for these usages. However, we recommend that the monies additionally be available for other housing options for persons with disabilities as well. The Act appears to expand the scope of possible usages of 202 funds for persons with disabilities. However, we feel that the definition needs to be expanded further and therefore join with the Mental Health Law Project, the National Mental Health Association, and the National Association of State Mental Health Program Directors, and others in recommending that the language contained within section 414 (b) of the Mckinney Act be incorporated into section 521 (c) (1) of the Act defining the categories of housing for which 202 assistance may be made available. Specifically, "assistance made available under this section will be used to meet the special needs of persons with disabilities by providing a variety of housing options, including group homes, independent living facilities, multifamily housing projects, condominia, or cooperatives."

Consistent with our belief that the full range of housing options should be available for persons with disabilities as are available for the general populace, we believe that HUD assistance for this population should not be restricted to 202 and section 8 monies. Since many persons with disabilities including persons with mental illnesses have very low incomes, the monies included within the HOP Program created in the Act should be available to these persons as well. Therefore, we recommend that Section 314 of the Act which describes the targeting of HOP funds include specific reference to persons with disabilities as possible beneficiaries of these funds. Section 314(1): "not less than 40 percent of such funds are invested with respect to dwelling units that are occupied by households that qualify as very-low income, including persons with disabilities, at the time of initial occupancy..."

(2) **The process of obtaining section 202 monies should be made simpler and more streamlined for those seeking to obtain funds for use in developing housing opportunities for persons with disabilities.**

Discussions with housing providers who have applied for 202 loans reveal that the process is extremely complex and takes an inordinate amount of time, often three or four years from

the time of application to the time the loan is finally granted. Moreover, providers are often compelled to hire consultants to assist them in obtaining these loans. Unfortunately, there are many providers who operate on tight budgets and do not have the financial resources to employ such consultants. This gives an advantage to those providers who are financially better off or those with greater experience in drafting complex grants.

The elimination of the necessity for providers to pay back 202 loans with section 8 rental subsidies through the development of interest free capital advances contained in the Act may be a step towards reducing the procedural burdens which currently exist. However, it is necessary that there either be a mechanism developed to simplify the application process or some means for assisting applicants for these funds.

NAMI therefore recommends that the office of the Assistant Secretary for Supportive Housing (created by this Act) be utilized as a means for providing technical assistance to those applying for 202 capital advances. This assistance could be provided out of regional field offices or even out of local housing authority offices by staff placed there by HUD. We further recommend that the Assistant Secretary undertake an evaluation of the entire process with a view towards making it simpler and quicker. There may be unnecessary steps involved in the process which could be eliminated to make it more streamlined.

We recommend that there be added to the end of section 501 (2) the following language: "Included within the duties of the Assistant Secretary shall be the employment of selected staff who shall be assigned the function of providing assistance to these programs to access and utilize HUD monies and resources in a maximally efficient and timely manner.

(3) Section 8 rental credits should be available in greater numbers for persons with disabilities to utilize in finding suitable community-based housing.

NAMI applauds the set-aside of not less than 3,000 rental credits for use by persons who are low-income and have disabilities. We believe that further steps should be taken to enhance the access to these credits for persons who are low-income and disabled but who either don't require or don't desire extensive support services. There are currently some local housing agencies which assign "priority points" to section 8 applicants who qualify by virtue of their low-income status and have certain "targeted" characteristics.

These include applicants who have disabilities, applicants who are elderly, and applicants who are single parents. NAMI recommends that a national system be established whereby persons who are low income and disabled can be assigned priority points when they apply for section 8 rental credits. This would enable such applicants to obtain these credits in a more timely fashion. It is NAMI's belief that persons with disabilities and particularly persons with mental illnesses are faced with such severe barriers to suitable housing that such a system of prioritization is justifiable.

NAMI further recommends that local housing offices be directed to provide assistance to Section 8 housing recipients when necessary as a condition for receiving federal monies. It is our experience that recipients of tenant based rental credits are generally provided with a list of potential section 8 housing sites but are given responsibility for negotiating these arrangements themselves. This poses a significant problem for persons with disabilities in general and mental illnesses in particular, many of whom require assistance in arranging such placements. Often, section 8 recipients with mental illnesses don't have advocates or family members available to help them negotiate this process. The local housing offices should have such assistance available if the dissemination of section 8 tenant-based credits is to be truly effective.

Finally, NAMI recommends that the possibility be explored of developing a system for enabling persons with disabilities who live in housing which is the recipient of project-based credits to become immediately eligible to receive tenant-based credits upon moving out of this housing. The system as it currently exists prevents individuals from moving out of supervised housing settings into independent settings. While this problem could be abated somewhat if applications for tenant-based credits were filed immediately upon application for a group home or congregate living program, in actuality this rarely happens. This particularly poses a problem for persons with mental illnesses, some of whom may suddenly decide to move out of a supervised setting only to find that they don't have the financial means to afford housing at the prevailing fair market rates.

(4) <u>It is not appropriate for HUD to determine the nature and extent of supportive services required by persons with disabilities.</u>

NAMI believes that it is desirable for persons with mental illnesses to receive community-based support services. The degree of need for such services varies from individual to individual. Some persons require assistance in the home and a

range of external support services, including counseling, case management, and employment assistance. Others require less extensive or even minimal supports. We believe that it is appropriate for HUD to require that a support plan be submitted for all individuals who reside in HUD funded housing. Such a plan should include a linkage with a local mental health provider or advocate. However, the nature and extent of the services required is best left to the individual, his/her family, and the involved advocate.

We agree with many of our fellow advocacy organizations that support services which are not directly housing related should, whenever possible, occur outside of the home and in the community. It is natural and "normal" for employment and social activities to be pursued outside of the home. However, we once again emphasize that it is not appropriate for HUD to determine whether plans for support services are suitable, but rather to merely assure that such supports are available as needed.

(5) States and localities should be provided with flexibility to identify the local housing needs of persons with disabilities, including persons with mental illnesses, and to target federal housing monies accordingly.

NAMI endorses the requirement contained within the Act that state and local jurisdictions which receive direct assistance from HUD must submit a 5-year "comprehensive housing affordability strategy" setting forth the nature of housing needs within the particular jurisdictions and strategies for alleviating those needs. We recommend that Sec. 105 (b) (1), which describes categories of residents with notable housing needs, expressly include reference to persons with disabilities, including persons with mental illnesses.

NAMI further supports the allocation of incremental rental credits by formula to states and localities which are participants in the HOP program. This enables states and localities to have some means for predicting the number of credits which will be received and to develop plans to disperse these credits accordingly. We also support providing states and localities with discretion as to how these credits will be dispersed.

Finally, NAMI urges that states and localities be directed not to restrict rental credits for persons with disabilities to those rental credits specifically set aside for persons with disabilities, but rather encouraged to develop strategies for dispersing general rental credits as well to persons with disabilities, including those with mental illnesses.

We urge that consideration be given in the future to the feasibility of giving states and localities similar controls over the dispersal of HUD 202 monies. One suggestion is to allow such jurisdictions to submit applications for 202 capital advances in behalf of provider agencies and organizations.

(6) Title IV of the Mckinney Act, as amended by the National Affordable Housing Act, should include express references to transitional and permanent housing for persons who are mentally ill and are homeless or at risk of becoming homeless.

NAMI agree's with the National Association of Private Residential Resources (NAPRR) that the Mckinney program should continue to "permit the development of permanent housing for people with disabilities who are 'at risk' of becoming homeless". It is estimated that one-third of all persons who are homeless nationwide suffer from serious mental illnesses. We therefore feel that it is important that express references to persons with mental illnesses be included within this section of the Mckinney Act, as a priority population to be served with Mckinney Act funds.

(7) The Act should incorporate language throughout which establishes compliance with the Fair Housing Amendments Act as a condition for the receipt of federal housing monies.

NAMI agree's with the Mental Health Law Project and others that language referencing compliance with the Fair Housing Act Amendments should be incorporated whenever appropriate throughout the Act. Persons with disabilities continue to be victimized both by exclusionary zoning laws and by discrimination practiced by individual housing providers. The alleviation of these discriminatory practices is of paramount importance and must be included as an objective of all federal housing policies and programs designed to benefit persons with disabilities.

(8) All references to "handicapped individuals" in the Act must be changed to "persons with disabilities".

We join with many of our fellow advocacy organizations in emphasizing the importance of using "people first" language throughout the Act.

Once again, we thank you for this opportunity to present our views concerning the Affordable Housing Act as it impacts on housing opportunities for persons with disabilities. We greatly appreciate all of your hard work in developing this monumental bill and particularly appreciate the dedication of your staff, particularly Bruce Katz, in seeking out our views and those of the other disability advocacy organizations.

TESTIMONY OF

THE NATIONAL ASSOCIATION OF AREA AGENCIES ON AGING

Offered by

Margaret Williams
President

before the

UNITED STATES SENATE

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

on the subject of

THE NATIONAL AFFORDABLE HOUSING ACT (S. 566)

June 1989

The Honorable Alan Cranston, Chairman

The National Association of Area Agencies on Aging, on behalf of our member agencies, is pleased to present this statement for the record of the Subcommittee's hearing on the National Affordable Housing Act (S. 566). The National Association of Area Agencies on Aging commends Senator Cranston and Senator D'Amato for their bipartisan leadership in developing a comprehensive reform of federal policies to address the housing needs of a wide range of Americans. Because of the nature of our Association, we are particularly supportive of those provisions which address housing for persons with special needs -- the elderly, handicapped, and homeless.

The National Association of Area Agencies on Aging (NAAAA) is the national organization representing the network of over 660 Area Agencies on Aging. Area Agencies on Aging were established, as a result of the 1973 amendments to the Older Americans Act, to address the needs of older Americans aged 60 and over within each local community. The Area Agency on Aging is the vital link between the local community and many of the Federal and State programs available to older persons. Area Agencies on Aging are charged with assuring the availability of a comprehensive array of services for the elderly, and they are responsible for developing and coordinating locally-based social and nutritional services which help older persons remain independent in their own homes and communities. The primary mission of Area Agencies on Aging is to: (a) secure and maintain maximum independence and dignity in a home environment for older individuals capable of self care with appropriate support services; (b) remove individual and social barriers to economic and personal independence for older persons; and (c) provide a continuum of community-based and in-home care for the vulnerable elderly, thereby avoiding premature or inappropriate institutionalization.

Our testimony will focus on those provisions of S. 566 that address supportive services for the elderly residing in supportive housing. NAAAA strongly supports the recognition in the bill that the elderly, and others with special needs, require supportive services with their housing. This is particularly true for those of advanced age or those with chronic health conditions which may limit their ability to perform such daily living activities as shopping, food preparation, or housekeeping. With supportive services many of these individuals can remain in their homes and in their communities, avoiding costly and unnecessary institutionalization.

We strongly support the establishment of an Assistant Secretary for Supportive Housing within the Department of Housing and Urban Development to administer and supervise programs to serve the elderly and other persons with special needs. However, we are concerned that HUD is entering into a services arena for which it has only limited experience. Community-based services to older persons have been provided under the Older Americans Act, administered by the Department of Health and Human Services' Administration on Aging, since its initial passage in 1965. Services provided under the Older Americans Act include nutrition programs, transportation, legal services, health screenings, homemaker and chore services, counseling, and care management. Rather than for HUD to develop a parallel service system, and one which will be more limited in its scope than the services provided

under the Older Americans Act, we recommend that S. 566 be amended to give special emphasis to the need for cooperation and collaboration between the Assistant Secretary for Supportive Housing and the Commissioner on Aging.

It is particularly important that the Assistant Secretary and the Commissioner on Aging work closely together to utilize the national network of State and Area Agencies on Aging in providing support services to the elderly in public housing. Area Agencies on Aging, as the local agency responsible for service delivery to older persons, are able to provide a wide range of supportive services to frail elderly in their homes. Under the mandate to provide care management, Area Agencies are able to assess the needs of the individual; develop a service plan; identify and arrange for coordinated delivery of health, nutritional, and supportive services; monitor service delivery and changes in the individual's condition; and reassess the individual's needs on a regular basis. For the more robust elderly, Area Agencies provide many activities to help older persons continue to be engaged and active in their communities. Through a network of senior centers and nutrition sites, older persons can participate in social interaction programs, local outings, and other recreational programs, as well as in programs for health information and screenings, legal assistance, and assistance in applying to other federal programs (SSI, etc.). We believe that collaboration between HUD and HHS (AoA) would be very beneficial for older persons living in public housing. Such cooperation could serve to reduce a needless and wasteful duplication of supportive services between the two Departments. We believe that such collaboration and cooperation should be fostered at the local level, as well. We are concerned that S. 566 not initiate two different levels of service at the local level, one for the residents of public housing, provided by HUD, and a different system of services for older persons living in the larger community, provided under the Older Americans Act. To foreclose this occurrence, we recommend that S. 566, Sections 511(g)(1), Provisions of Services, and 511(g)(3), Local Coordination of Services, be amended to include provisions that services provided under the Act shall be fully integrated and compatible with services provided under the Older Americans Act through State Agencies and local Area Agencies on Aging and other service delivery agencies.

To further cooperation, NAAAA joins with the American Association of Homes for the Aging in recommending the establishment of an Interdisciplinary Coordinating Council for Elderly Housing, to include representatives from federal departments and agencies involved in housing and supportive services for the elderly. The Council could include representatives from the Administration on Aging, Department of Transportation, Department of Labor, Department of Agriculture, Social Security Administration, Health Care Financing Administration, and others. Such a council could help coordinate the array of supportive service and entitlements for elderly residing in supportive housing.

The National Association of Area Agencies on Aging thanks the Subcommittee for this opportunity to express our views on S. 566. We strongly support this Subcommittee's efforts to improve housing for all Americans.

23-004 O - 89 - 6

B'NAI B'RITH INTERNATIONAL
1640 Rhode Island Ave., N.W.
Washington, D.C. 20036
(202) 857-6560
TWX 710-822-0060 / Cable BNAIBRITH WASHDC

SENIOR CITIZENS
HOUSING COMMITTEE

June 16, 1989

Senator Alan Cranston
Chairman, Subcommittee on Housing
and Urban Affairs
Senate Committee on Banking, Housing
and Urban Affairs
535 Dirksen Senate Office Building
Washington, DC 20510

Re: National Affordable Housing Act (S.565)

Dear Mr. Chairman:

On behalf of the Senior Citizens Housing Committee of B'nai B'rith International, I am pleased to provide our comments on the National Affordable Housing Act (S.565), as requested in your letter of May 25, 1989.

B'nai B'rith International, through its Senior Citizens Housing Committee, has, for the past 17 years, been involved in a cooperative partnership with the federal government in building subsidized housing for senior citizens through the Department of Housing and Urban Development, first under Section 202/236 and now 202/8. During this time, we have opened 21 senior citizens apartments buildings nationwide. We have four additional projects under development.

By 1991, we will have constructed and be operating 25 apartment buildings nationwide, with over 3,000 apartments serving approximately 4,000 older citizens without regard to race, religion, national origin, or creed. This is a great achievement, but in terms of answering the needs of the senior citizens, it falls terribly short of meeting the demand.

We consider it a privilege and a sacred task to be involved in this program of providing quality housing and support services for senior citizens, and we hope to continue to sponsor new programs for many years to come. Providing affordable housing for the elderly requires a long-term commitment. What we, and other non-profit organizations with the spirit and will to invest our time and energy in this arena require, is the coordinated federal policy and resources required to continue our efforts. Accordingly, we welcome the opportunity to comment on the National Affordable Housing Act, particularly relating to the supportive housing needs of the elderly.

In general, the National Affordable Housing Act goes a long way in recognizing the need for safe, decent, affordable housing for our nation's elderly, but, more importantly, it expands this need beyond the traditional "bricks and mortar" issues to include "supportive housing" which has long since been ignored.

Assistant Secretary for Supportive Housing

As contained in our comments to your Committee last fall, B'nai B'rith strongly agrees that the creation of another "Assistant Secretary" level position at HUD would dramatically illustrate the severe problems we face with regard to the current housing situation in this country, and at the same time, create the mechanisms for addressing the major issues. However, while "supportive housing" programs certainly merit "hot spot" designation as a center of new activity, we envision significant problems when trying to coordinate programs for the elderly, handicapped and homeless under one designation. By definition, the elderly are not included in all age groups as are the handicapped and homeless, and we believe as a group, the elderly have special concerns and needs that are not applicable to any other such population.

Therefore, we would recommend that Section 4(a) of the Department of HUD Act be amended to provide for an Assistant Secretary for Elderly Housing. We believe that by coordinating all elderly programs under one authority, there is less likelihood for redundant staffs and potentially better integration of needs and solutions.

It should be noted, however, that we do recognize and agree with most of the other major housing/aging associations and organizations that have taken the time to provide you with their comments that a designated advocate for "supportive housing" at the highest level possible in the Department of Housing and Urban Development would be extremely beneficial. There is no question that it will take a recognized "power broker" at HUD to coordinate the various service provisions provided for in the National Affordable Housing Act with state and local service agencies as well as with the appropriate divisions at the Departments of Health and Human Services and Agriculture. We simply suggest, however, that a slightly different configuration should be considered than the one proposed.

Section 202 Reforms

B'nai B'rith is pleased to note the growing concern for the funding and development of "supportive" type housing and programs targeted to the more frail, "at risk" older persons. We clearly recognize the "aging-in-place" of our residents and the dire need to introduce the support systems necessary to maintain these individuals in their present housing, however, we cannot continue to accommodate increasing frailty at the expense of maintaining the current stock of "independent" housing.

Over the years, the Section 202 housing program has proved tremendously successful in creating a partnership between the federal government and the non-profit community to serve the "independent-well elderly." Unfortunately, repeated budget cuts since the late 1970's and continued reprioritizing of those who are given first access to these projects have, over time, contributed to the fear and disillusionment of those who have waited patiently on the housing lists but now have no other place to turn.

We commend the Committee for proposing to reverse this trend by authorizing 12,000 apartment units to be funded in 1990 and again in 1991. While still terribly short of the 20,000 units per year goal recommended by the 1980 White House Conference on the Aging, we feel you have taken a tremendous step in the more humane direction.

A major criticism of the Section 202 housing program over the years has been its tremendous cost. We applaud and overwhelmingly support your reform to restructure the current Section 202/8 financing with a more simplified funding mechanism. By removing the link between the Section 202 and Section 8 rental subsidy, the budget authority will reflect more correctly the actual cost of the program rather than making it appear to be almost twice as expensive. This double bookkeeping and added expense has contributed to a number of excessive restrictions that have impacted on both the development and management aspects of the program.

B'nai B'rith enthusiastically supports the elimination of the Section 8 subsidy mechanism of Fair Market Rents and calculating development costs based on the actual construction costs currently in place for that geographic location. There are numerous projects currently in the HUD pipeline that are proving to be difficult to close simply because the stated FMR's are unrealistically low and do not generate sufficient rents to develop and operate a building that is financially feasible. While HUD is beginning to address the pipeline issue, the longer projects remain delayed, the more costly and less feasible they become.

In an effort to reduce the skyrocketing costs of Section 202 projects, the Department of Housing and Urban Development implemented a series of cost containment guidelines during the early 1980's that, while providing some short-term savings, have proved not to be in the best interests of the federal government, the non-profit housing sponsors, and most importantly, the residents for whom this program was initiated. The use of cheaper construction techniques and materials, not allowing installation of sprinkler systems and certain security measures only serves to require increased replacement costs much earlier in the life of the project than would have originally been required.

We applaud the National Affordable Housing Act's requirements for special design features that provide congregate spaces and improve the suitability of the individual apartment units in Section 202 projects. The present limitations of five-percent of a project's total square footage for community space defeats the purpose for designing these buildings in the first place. The use of congregate space for lounges, dining areas and community/activity rooms is critically important for older people in facilitating their independence. As residents become more frail, they become more dependent upon their immediate surroundings for basic necessities and support systems. As services become more needed, available congregate spaces only facilitate the provision of these resources by appropriate community agencies.

One example of how cost containment policies are in direct conflict to the original intent of the housing program and the needs of the residents for whom they should be designed, is the elimination of elevators in two story Section 202 buildings and the restriction of only one elevator in buildings under ten stories. The limitation placed on the residents by this requirement should be obvious. Additionally, there is no doubt that elevators, sprinkler systems, congregate dining and other community spaces will need to be added for these buildings at a later time, and more than likely, at a much increased cost than would have been required at the time of original construction.

B'nai B'rith strongly believes that the stated reforms of the Section 202 program will result in better housing projects being constructed, increased numbers of older persons being served, and require less federal budget authority. However, we also strongly agree with other staunch supporters of these programs that better projects will be developed in the long run through mixed-income and mixed funding mechanisms. Under the past Administration, Section 202 housing has deteriorated into a "safety net" program, only available to the most poor, most needy individuals. With cost containment policies controlling construction creativity, projects of lesser and lesser quality have been the result. Clearly, this was not the original intent of Section 202, that is, to provide quality housing for persons of low to moderate income to live out their years in independence and dignity.

We feel that mixed-income projects are financially and socially better not only for the residents, but for the sponsors, the community and for the federal government. Rather than limit occupancy to only those persons with incomes less than 50-percent of area medians, eligibility should be available to persons with up to 80-percent of area medians. In Queens, New York, for example, occupancy is currently denied for a single person with an income of over $11,850 yearly. Where does a 76 year old woman go to live in this area who has an annual income of $12,000?

Eventually, we believe the programs should be opened to a fixed number of persons able to afford the full market rents. Beyond the significant social benefits that accrue from encouraging income integration, and discouraging an overconcentration of the poor (which often casts a "stigma" to a federal project), this policy would permit reduced subsidy dollars spent per development and spread the federal dollars to more programs in a wider geographic region. This would result in more options being made available to lower income elderly in choosing where they would wish to live.

While B'nai B'rith supports the provision of the project rental assistance and tenant rent contribution as outlined, we are very concerned that the Bill calls for only a 20-year rental assistance contract coupled with a 40-year commitment on the part of the sponsor to rent the units to very low income residents. We can appreciate the financial considerations with respect to long-term budgeting authority, however, we strongly suggest a provision that would ensure the continuation of this rental assistance for the term of the mortgage.

Project Retrofit and Support Service Linkages

B'nai B'rith wholeheartedly endorses the concept behind "Project Retrofit" that enables the frail elderly to continue to live in federally-assisted housing for as long as possible as they "age-in-place." It is proposed that HUD would make funds available to "retrofit" individual apartments and renovate public and congregate spaces to meet the physical, social and supportive needs of the the frail elderly. As noted earlier, it is our hope that facilities would again begin to be constructed more appropriately from the outset, thus negating the need for costly "retrofit" modifications. However, for those projects bearing the brunt of cost containment, this program would be genuinely welcomed.

Linking supportive services with existing housing is one of the most difficult challenges facing sponsors and managers of housing programs for the elderly today. Attempting to address the burgeoning need, Project Retrofit realistically can only provide a modicum of support. Transitional funding for supportive services is proposed, but only for a maximum three-year period, and only for developments that were fortunate enough to be able to secure some type of long-term financing from state, local or other such community resources. While we clearly support the availability of service funds from other sources, we feel the federal government can not restrict the availability of needed services to projects that have sought outside funding in good faith, but, because of the lack of local resources, simply cannot raise the required dollars. Additionally, S.565 suggests that assurances must be sought for a five-year or longer period of funding from local, state or private agencies. However, many of these agencies will not have the legal or operating authority to provide such assurances for this length of time. We would hope, therefore, that some governmental funding be available to assure the uninterrupted funding for such services over the years to come.

While B'nai B'rith is clearly supportive of the concept of Project Retrofit, we raise serious doubts with regard to the eventual and continued funding of the supportive service component without direct and very costly federal assistance.

One of the more successful national programs to link supportive services with elderly and handicapped housing is the Congregate Housing Services Program (CHSP). While the Bill provides for the renewal of the existing CHSP contracts for an additional three-year period, we believe this program has demonstrated its merit by not only providing the required services to the residents who most need them, but doing so in a most cost-efficient and effective manner and should, therefore, be made available to many more housing projects than were originally funded. This program or a prototype thereof, should be expanded at least fivefold in order to allow additional projects the advantages of CHSP.

Two key features of CHSP are the availability of a supportive services coordinator and the Professional Assessment Committee (PAC). While the establishment and direction of the PAC is well documented in the Bill, we are somewhat disturbed that the position of the service coordinator is not stated as prominently in the final version as discussed in previous drafts. We note only a reference to "ensuring that owners have the capacity to ..."

B'nai B'rith suggests a more direct reference to a service coordinator position funded through a project's operating budget. We clearly envision this position as an integral part of the overall management team, with the staffing of the position remaining flexible to suit the needs of the particular project and individual residents, as appropriate. We feel strongly that this is a legitimate staffing function for the successful operation of a Section 202 project.

While management may be sensitive to the needs of residents and familiar with available resources, as residents begin to age and more service demands become a reality, it will take the creative energies of additional staff who possess specific social service skills to effectively coordinate, monitor and control the service delivery system to a particular resident population.

Additional Observations -- The B'nai B'rith Experience

As sponsors of housing for the elderly for almost two decades, managers and members of the boards of directors of our B'nai B'rith senior housing facilities have not only begun to recognize the growing problem of aging-in-place of our residents, but we have had to struggle to learn how best to provide for these individuals in the context of our overall mission.

Many residents who have lived in our housing facilities for ten years or more require assistance to continue to live independently -- either meals or some other supportive service. However, it has been difficult for managers and our local boards of directors to come to grips with this problem for several reasons:

1. The lack of a clear definition of "functional independence" in HUD regulations or of the level of support which should be provided in an independent living environment.

2. The negative attitude of some HUD regional offices toward the provision of services to residents.

3. The lack of adequate space in some buildings to provide services -- such as dining rooms and kitchens for congregate meals or an office for use by such supportive medical services as a public health nurse or a podiatrist.

Although we have touched on a few of these issues as specifically referenced in S.565, we thought it may be of interest to provide the Committee with a perspective of how we now coordinate linkages with community agencies to provide the appropriate supportive services to many of our B'nai B'rith sponsored housing programs.

In 1986 and 1987, the Senior Citizens Housing Committee of B'nai B'rith International was awarded grants from the Straus Foundation, Inc., Baltimore, Md., to study the problems associated with "aging-in-place" throughout its senior housing facilities. The goal of the study was to examine the "aging-in-place" of residents in three B'nai B'rith "test" facilities, which we thought to be representative of B'nai B'rith Senior Housing, and to identify strategies for maximizing the potential of individuals for independent living and minimizing the possibility of institutionalization.

The study findings confirmed an increase in the number of very old, frail residents in recent years. The mean age of our residents was 77 years; with over 60 percent having lived in their apartments for five years or longer. Of those persons surveyed, 45 percent assessed their health as "fair" or "poor," while only 7 percent said their health was "excellent." With regard to perceived needs, 24 percent of residents reported some difficulty with walking, with over 13 percent reporting that they used a walker or required the assistance of another person. Of those residents 80 years of age and over, 41 percent had trouble walking, while over 20 percent of this age group required the use of a walker. When residents were asked if they needed help with various activities of daily living, 36 percent required assistance with housekeeping, 35 percent with transportation, 23 percent with shopping, 18 percent with laundry, 13 percent with money management and 6 percent with meal preparation.

The "test" facilities clearly illustrated the variety of ways B'nai B'rith has responded to the service needs of our aging residents. With respect to providing meal programs, one "test" facility requires a congregate evening meal, which is subsidized in part by the sponsor group. The other two sites participate in Title III nutrition programs, one of which is available to the surrounding community. In most cases, frail residents receive Meals-on-Wheels in their apartments, which can include kosher meals from Jewish Social Services where available. At one facility, arrangements are made with a nearby Title III nutrition site to provide a congregate lunch in the B'nai B'rith building for the more frail residents, while the able-bodied residents go by van to lunch at a community nutrition site. Even with these meal programs available, it should be noted that over 40 percent of all residents surveyed requested additional meals provided in their housing facility.

Unfortunately, B'nai B'rith buildings constructed under cost containment guidelines do not have community space available to use for congregate dining, and the limited communal kitchens provided are inadequate even to serve Title III meals that may be supplied from a central kitchen. As noted in S.565, Project Retrofit funds would enable these sites to make the necessary renovations to provide congregate meals for their residents.

While a few B'nai B'rith housing projects provide their own "mini-van" service for their residents' transportation, the majority of B'nai B'rith sites must depend upon public transportation or existing transportation programs provided by outside agencies -- such as "Senior vans" and reduced fare vouchers for taxi services.

As noted previously, one of the more significant elements of the Housing Act is the proposed availability of funds for a supportive service coordinator. It may be interesting to note how B'nai B'rith has been able to provide our services without such a funded position being available. Several B'nai B'rith projects have obtained social work and case management services in a variety of ways. In a few cases, the board of directors has raised funds from the community or obtained grants for a social service agency to hire a part-time or full-time social worker. Covenant/CHAI House in St. Louis, Mo., has a staff of two full-time and one part-time social workers to assist its more than 500 residents. However, this facility is fortunate to be located on a federation agency campus and has available to it a tremendous wealth of service resources.

At other B'nai B'rith sites, arrangements have been made with the local Jewish Social Service organizations to provide the necessary case management. B'nai B'rith House in Delaware, for example, contracted with the local Jewish Family Services for two half-time social workers to assist new residents and to provide case management for those who may be more frail. While many managers at other B'nai B'rith buildings have tried to arrange for social work assistance, HUD regional offices have generally refused permission to use operating funds for needed services and grants or other community resources have simply not been available.

In B'nai B'rith facilities that have been successful in obtaining funds for support services, the provision of homemaker and home-care assistance services represents the highest level of supportive services provided at any of the B'nai B'rith housing sites. In some buildings, as many as 20 percent of all residents receive this level of service support.

At Covenant/CHAI House in St. Louis, the presence of staff social workers has permitted an on-going program of homemaker assistance to frail residents. The Covenant Board made a decision to provide long-term assistance to residents, with charges based on a sliding-fee scale according to income. To insure consistent service and reduced costs to the residents, Covenant hires its own homemaker aides. The social work staff assesses the needs of residents and supervises the services they receive.

Interestingly, the principal services that are provided at Covenant/CHAI include grocery shopping and "defrosting of refrigerators." Parenthetically, we should point out that one of the most valuable uses for retrofit funds proposed in this Bill will more than likely be for the installation of "frost-free" refrigerators in all Sec. 202/236 apartments, as they have traditionally been disallowed under the guise of cost containment. Such a simple change as this may be an important link in the chain of maintaining independence for an arthritic elderly person. However, too often such everyday conveniences are regarded as "frills" for those in subsidized housing!

We hope this brief description of the experience of B'nai B'rith managers in their efforts to assist their residents maintain themselves with dignity and independence has been helpful to the Committee. In closing, we would like to suggest one further significant change in the proposed legislation. Under the present system, expenses for medial care and for handicapped assistance may be deducted from income in the calculation of rental subsidies. The Senior Citizens Housing Committee of B'nai B'rith strongly suggests that the cost of personal care and homemaker services, including grocery shopping and escort to medical appointments, should be deductible as well.

At the present time, if such services are provided by a visiting nurse, they may be deducted as a medical expense, but, longer term services provided by a non-medical homemaker aide can <u>not</u> be deducted. While such services provided by an aide to a handicapped non-elderly person can be deducted under the handicapped assistance provisions, the same services provided to an elderly resident crippled by arthritis <u>cannot</u> be deducted. Such a change would provide equity to all residents of Section 202 housing and make a significant contribution to self-sustaining, self-supported independent living.

Mr. Chairman, B'nai B'rith genuinely applauds you and your Committee for accepting this bipartisan leadership role in forging a comprehensive reform of our federal housing policies. We recognize that our views are only one of many that your Committee must consider, but hope that we have provided a somewhat unique perspective.

Providing affordable housing for the elderly requires a long-term commitment of time and resources. The work of your Committee will demonstrate that while it does take dollars to make the programs work, a coordinated, comprehensive, sensitive approach to housing will result in helping those who are in need of such assistance while saving tax dollars in the end.

We look forward to providing any further assistance you may need in developing and strengthening these proposals.

Sincerely,

Nathan I. Nagler

Nathan I. Nagler
Chairman

PARALYZED VETERANS
OF AMERICA
Chartered by the Congress
of the United States

STATEMENT OF

ALYSE B. STEINBORN, ASSOCIATE ADVOCACY DIRECTOR

PARALYZED VETERANS OF AMERICA

ON THE

NATIONAL AFFORDABLE HOUSING ACT (S. 565 AND S. 566)

SUBMITTED TO THE

SUBCOMMITTEE ON HOUSING, AND URBAN AFFAIRS

OF THE

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

UNITED STATES SENATE

JUNE 16, 1989

801 Eighteenth Street, N.W., Washington, D.C. 20006 (202) USA-1300 Fax: (202) 785-4452

Mr. Chairman and Members of the Subcommittee on Housing and Urban Affairs, on behalf of the members of the Paralyzed Veterans of America (PVA), I would like to thank you for inviting me to submit written testimony to discuss the National Affordable Housing Act (S.565 and S.566). I believe that in order to fully meet the needs of America's citizens, any housing policy must comprehensively include the needs of people with disabilities. Such a policy must assure that two critical components are included -- affordability and accessibility. Since PVA is an organization comprised totally of catastrophically disabled veterans, I will limit my discussion to the special needs of persons with disabilities, specifically people who use wheelchairs for mobility.

The Paralyzed Veterans of America is a congressionally chartered veterans' service organization comprised of more than 14,000 veteran members. All of our members have incurred a spinal cord injury or dysfunction either as a direct result of their service to our country or from an accident or disease subsequent to their military service. The majority of our membership must rely upon the use of a wheelchair for their personal mobility.

Since its founding in 1947, PVA has been actively involved in issues of accessibility at the local, state, and national levels of government. The reason for this stems from the fact that as veterans with spinal cord injury returned home from World War II, they found themselves confronted with a serious dilemma. With the advent of new antibiotics and improved medical procedures, these veterans found they could live longer and healthier than originally anticipated, but they also found a society unable or unknowing about accommodating their needs.

Mr. Robert Moss, one of PVA's founding members, succinctly describes the situation confronting spinal cord injured veterans in the late 1940's. "We were faced with a group of young men with a physical handicap that had virtually not been survivable prior to that time. . .there was no way of coping with society as society was then constituted. There were no programs for survival, there were no care programs, and there was certainly no such thing as the elimination of architectural barriers -- there was no legislation for it." These men were honored heroes, yet their goal of returning to society as productive members was blocked.

PVA makes the following comments and recommendations related to the Affordable Housing Act and its impact on the availability of affordable, accessible housing to people with disabilities.

"SUBSTITUTION OF TERMS "THE HANDICAPPED" AND "HANDICAPPED PERSONS" WITH "PERSONS WITH DISABILITIES"

People with disabilities continually strive for their community to recognize them as individuals first, before acknowledging their disability. Instead, they are invariably confronted by language which perpetuates negative stereotypes. Use of the word "handicapped" reflects the disability community's obstacles against acceptance, by society as a whole, as individuals. The majority of people with disabilities prefer the word "disability" to that of handicap.

Similarly, as a society, we can choose to emphasize peoples' similarities or their differences. The term "a person with a disability" does just that. It is the more preferred description. It implies that a person with a disability is first and foremost a person, before even realizing that that individual may also have a disability.

A change in the definition of "handicapped person" or "person with a disability" to one that is more consistent with Section 504 of the Rehabilitation Act, the Civil Rights Restoration Act, and the Fair Housing Amendments Act of 1988 would also be appropriate. This new definition should read:

A person with a disability means any person who (i) has a physical or mental impairment which substantially limits one or more of such person's major life activities, (ii) has a record of such an impairment, or (iii) is regarded as having such an impairment.

This definition encompasses the wide range of individuals who can benefit from the various aspects of this legislation. We want to ensure that people with disabilities have access to the housing they need regardless of the severity of their disability.

SUPPORTIVE HOUSING AND OTHER HOUSING OPTIONS

In the general requirements of the supportive housing program, the Secretary is directed to ensure that "supportive housing for the handicapped assisted under this section shall. . . provide such persons with opportunities for optimal independent living and participation in normal daily activities, and. . . facilitate access by such persons to the community at large. . .". Yet, the selection criteria used does not include any language which would make specific the above requirements.

It is imperitive that this Subcommittee realize that many circumstances arise where individuals with disabilities may not need supportive services but still qualify for the program offered. It must be made clear that a supportive

service program need not be a prerequisite for qualification to the program. The omission of criteria which promotes independence and integration while at the same time specifically including criteria for support services favors more restrictive settings with a high level of services over settings which emphasize integration into the community and a reliance on community supports.

Modifications were made to the Section 202 program in the Housing and Community Development Act of 1987. One of these changes was the requirement of a supportive service plan to be submitted with the application for funding. This requirement is also included in this bill. The service needs of individuals with disabilities vary widely and it would be inappropriate to require a service plan that is general in scope. The provision of assurances that the required services will be provided on a case-by-case basis would appear to be more appropriate. The assurances and detailed individual service plans would then be kept on file for compliance review to ensure that the needs of the tenants were adequately met.

It is important that the development of housing to include a full range of options be encouraged by the Supportive Housing program. This includes housing to accommodate families of persons with disabilities in units with more than a single bedroom. People with disabilities have as diverse living arrangements as the general population. Not all people with disabilities live alone. Also, many individuals live with another individual who provides personal care assistance and other supports. Housing should be available for eligible individuals with a variety of familial and other living arrangements.

It would be beneficial to also consider funding, as eligible housing under this program, not only group homes and independent living facilities but also units in multi-family dwellings such as condominiums.

DIRECT LOAN OPTIONS

PVA understands the necessity for providing direct loan funding for the development of housing to meet the needs of individuals who may require support services or other accommodations so they may live in the community as independently as possible. PVA also suggests that, when such supportive services are not needed, these direct loan funds be used to create a variety of housing options. One option that PVA strongly supports is integration of these direct loan funds with funding from other assistive housing programs to allow for people with disabilities to live where they choose, including living with other, low income individuals. This would increase mainstreaming into society, and finally allow them independence of housing opportunities.

As currently structured, the Section 202 Direct Loan program will not allow for this "integration" of funds. This forces a continuation of segregated housing developments and perpetuates the isolation of a valuable part of society.

A revised direct loan program in the National Affordable Housing Act could remedy the segregated housing problem. It should allow the Housing Opportunity Partnership program, the HOP program, to be available for a variety of housing options. This would create more opportunities than available in the "Supportive Housing for the Handicapped" program so as to allow for increased integration of individuals with disabilities into the community.

This direct loan program could also encourage "layer funding" or joint ventures. Non-profit developers of housing for people with disabilities should be given the opportunity to discuss their own funding sources for housing to possibly be added to the resources of the generic affordable housing developer.

RENTAL CREDITS

PVA encourages the committee take steps to ensure the availability of the generic rental credits to individuals with disabilities who do not need support services but who qualify for rental assistance solely on the basis of income. The limited availability of affordable, accessible housing in many communities means that once an available unit is identified, an individual must be able to move quickly to obtain a rental credit before the unit is no longer available.

Currently, long waiting lists with many housing agencies make this impossible. For example, in Memphis, Tennessee, our Mid-South PVA Chapter reports that of the 50 apartment complexes identified as being available for individuals with disabilities, elderly and low income families, over 5,000 eligible tenants are on waiting lists. Some are currently living in substandard conditions and inaccessible units. This places individuals with disabilities at an additional disadvantage as they are selecting from a smaller housing stock.

FUNDING FOR ACCESSIBILITY MODIFICATIONS

The Fair Housing Amendments Act of 1988 for the first time extended protection against discrimination in housing to persons with disabilities. As part of this protection, it gave individuals the right to, at their own expense, make modifications for accessibility to their home, whether they own or rent. For many individuals, this right is still an unrealized dream as they lack the financial resources to make the modifications. Even those with moderate incomes may not have the funds on hand or be able to secure a loan for the purpose of making these modifications.

We believe the provision of funds for the purpose of assisting individuals in making accessibility modifications, in both owner-occupied and rental housing, should be listed specifically as an eligible activity in the Housing Opportunity Program. This could be in the form of low- or no-interest loans or forgivable loans. Ultimately, this would be a low cost way of improving the availability of housing for people with disabilities.

STATE AND LOCAL HOUSING PLANS

People with disabilities are frequently not considered in the development of programs and plans to provide for generic needs in the community due to the assumption that "they will be taken care of" by "specialized" programs. To the extent that these programs are available and even appropriate for an individuals needs, they usually are not able to meet all of the needs of those individuals with disabilities eligible for their services.

State and local housing strategies must include the housing needs of persons with disabilities. This specification is not designed to lead to additional categorization. It is designed to ensure that the varied needs of individuals are taken into consideration early in the planning process, and to insure that discriminatory jurisdictional policies are eliminated as these housing strategies are developed. This would also serve as a clear example of the inclusion of persons with disabilities in all phases of a national housing policy.

Thank you for the opportunity to present PVA's views to the Subcommittee and we look forward to working together to create an accessible housing future for our nation's citizens with disabilities.

National Council of
Community Mental
Health Centers

Board of Directors
1988-89

President
J. Gregory Shea, ACSW

President Elect
Richard W. Adamson, JD

Secretary-Treasurer
Steven J. Solomon, PhD

Immediate Past President
Lindsay Ann Bell, MPA

Region I
Elizabeth Bond Ryan, MEd
Charles E. Maynard, ACSW

Region II
Samuel Lazarus
William K. Starrett, ACSW

Region III
Lois Van Valkenburgh
Donald A. McMurray, PhD

Region IV
Otis Johnson, PhD, ACSW
Ben Toole, DPA

Region V
Robert I. Paulson, DSW
H. Stanley Eichenauer, ACSW

Region VI
David L. Nimmo, JD
B.R. Pete Kennemer, MPH

Region VII
David S. Hargrove, PhD
David Wiebe, ACSW

Region VIII
William S. Warfield IV
Norm Van Klompenburg, ACSW

Region IX
Puanani Burgess
John Morrison

Region X
Mary Lee Gowell
Robert J. King, PhD

STATEMENT ON

NATIONAL AFFORDABLE HOUSING ACT (S. 565 & S. 566)

SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES

ON BEHALF OF:

THE NATIONAL COUNCIL OF COMMUNITY MENTAL HEALTH CENTERS

PRESENTED BY:

B.R. (PETE) KENNEMER

CHAIRMAN, NCCMHC PUBLIC POLICY COMMITTEE

DIRECTOR, WESTERN ARKANSAS COUNSELING AND GUIDANCE CENTER

FORT SMITH, ARKANSAS

SUBMITTED TO:

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

UNITED STATES SENATE

THE HONORABLE ALAN CRANSTON, CHAIRMAN

JUNE 2, 1989

National Office: 12300 Twinbrook Parkway, Suite 320 Rockville, Maryland 20852 301-984-6200
Capitol Hill Office: 444 N. Capitol St., N.W., Suite 401 Washington, D.C. 20001 202-624-5835

Mr. Chairman, I am B.R. (Pete) Kennemer, Director of the Western Arkansas Counseling Guidance Center in Ft. Smith, Arkansas. I am pleased to present the views of the National Council of Community Mental Health Centers (NCCMHC) on the National Affordable Housing Act (S. 565 & S. 566). In addition to serving for over 10 years as the Director of Western Arkansas Counseling and Guidance Center, I am also a member of the NCCMHC Board of Directors and the Chairman of the Public Policy Committee.

It is especially gratifying for me to be able to express my views to the Subcommittee on an issue as important as supportive housing for persons with disabilities. Improving the HUD Section 202 Nonelderly Handicapped program is of vital importantance to my agency in Arkansas and many other community mental health providers across the country. In Ft. Smith and the surrounding area, my center is already providing supportive housing for 15 individuals with mental illness. Currently, we have the capacity to provide services for 19 additional clients, though lack of supportive services and local opposition has prevented us. As a community level provider, I have found the current system of federal assitance administered by HUD to be deficient in many areas.

Probably the biggest obstacle to expanded housing opportunities in my community is adverse local zoning and land-use policies which limit our ability to purchase and occupy property. Just in the past few years, I have seen several projects jeapordized on the basis of discriminatory zoning decisions. My agency recently bought a 6-8 unit group home and have been unable to move any clients in off a full waiting list because we were denied a special use permit by the city. An 11 unit transitional facility designed to assist persons discharged from our state mental hospital is now facing similar obstacles. To make matters worse, we are now faced with forfeiting over $37,000 in community development funds because we have been unable to occupy these sites which have already been purchased.

Mr. Chairman what is most troubling about my own case is that opposition to supportive housing in our community is based on misconceptions and prejudices concerning persons with mental illness. Neighborhood groups usually base their opposition on an irrational over safety and unjustified concern over declining property values. As has been proven over many years, group homes do not pose any threat to safety of nearby residents and in fact often result in appreciating property values.

In addition to concern over local zoning policies, I am also faced everyday with the consequences of inadequate supportive services, particularly transportation. While we are cognizant of constratints placed on federal support by the deficit, we must also be aware of the fact that persons with disabilties often are unable to utilize the housing we provide because of a lack of supportive services. In Arkansas we are hopeful that a new federal policy will make supportive housing more accessible.

Unfortunately, my experiences are similar to others across the country. I can not help but feel that all concerned, including providers, non-profit sponsors, state agencies and most of all consumers, would be better off with a system which operates on a more "user friendly" basis. We look

forward to working with you and other members of the Subcommittee as well as others in the disability field to ensure that the goals of the National Affordable Housing Act are met.

Supportive Housing and Discrimination in Zoning

Before moving on to NCCMHC's comments on S. 565 & S. 566, I would like to again mention a major barrier to increased housing options for persons with disabilities, discriminatory land-use and zoning policies. Mr. Chairman as you know Congress last year enacted the Fair Housing Amendments Act of 1988 (P.L. 100-430) which expanded coverage under the law to include individuals with handicaps. Included in the legislative history is a provision spelling out congressional intent to ban discrimination in local zoning policies which limit the placement of group homes for persons with mental illness. NCCMHC applauds Congress for recognizing the adverse impact that special use permits and zoning variances have on housing designed for persons with disabilities.

While NCCMHC was generally pleased with the final fair housing regulations which HUD issued this past January, we were troubled by the omission of a specific provision which would explicitly state a ban on zoning policies which restrict the placement of group homes. This loophole in the regulations has already resulted in numerous cases of discrimination and misinterpretation of the law since March 13th of this year (the effective date of P.L. 100-430).

Even though the Fair Housing Act is not within the jurisdiction of the Banking Committee, NCCMHC feels that it is important to recognize the impact of zoning and land-use policies when considering how to best serve the housing needs of persons with disabilites and particularly those with mental illness. In short, it is of little benefit to increase the availability of financing for group homes and independent living arrangements if sponsors and advocates at the community level are unable to find specific sites or in some cases even occupy housing which has already been purchased. We urge you to include language in the National Affordable Housing Act which requires compliance with P.L. 100-430 as criteria for incentive awards under the law.

In addition, NCCMHC feels that it is important for the Subcommittee to recognize that shortsighted community opposition and misinformed judgements by local officials is something providers and consumers face everyday. What is most disturbing is that opinions are too often based on prejudice and stigma attached to mental illness and physical handicaps presented under the guise of protecting property values or neighborhood integrity. NCCMHC is hopeful that soon communities will become more enlightened as to the beneficial impact of group homes and independent living arrangements on the quality of life and property values. P.L. 100-430 will reach its potential when community opinion becomes outraged at efforts to keep a group home out of a neighborhood. We look forward to a time when a public zoning hearing called to discuss a new group home is treated with the same public scorn as one called to determine if a minority family is entitled to purchase and occupy a home in a white neighborhood.

NCCMHC Comments on S. 565 & S. 566

Mr. Chairman, NCCMHC is proud to endorse The National Affordable Housing Act which you and Senator D'Amato have worked so diligently for the past two years. It goes a long way toward improving many of the shortfalls in current federal housing policy, particularly with respect to supportive housing for individuals with disabilities. As you know however, no piece of legislation (especially one as large and comprehensive as this) is perfect from the outset. Thus we are grateful for the opportunity to offer a few suggestions and refinements to the bills which we hope you and your subcommittee will consider as deliberations move forward this summer.

Before offering our ideas, I would like to provide some background on the interest of NCCMHC in housing finance and development. Since 1963 with the passage of the Community Mental Health Act (P.L. 88-164) community mental health agencies have stressed the importance of residential services in the continuum of care needed by persons suffering from mental illness. Community mental health agency involvement in residential services is centered in four basic areas.

First, agencies act as a direct provider of services, i.e. owner/operator of group home for persons with mental illness. Second, many CMHCs contract out to nonprofit agencies for both housing and supportive services for residents. When a community mental health agency is separate from the provision of residential services, they often become the party responsible for arranging supportive services such as transportation. Finally, CMHCs are important advocates for expanded residential options for clients with mental illness or other disabilities. In a 1988 survey of the NCCMHC membership, 69 percent of the responding agencies stated they were providing residential services for clients. This is up from 60 percent less than three years earlier. It should be noted this figure includes not only permanent housing such as group homes and independent living arrangements, but also transitional and "halfway" housing for populations such as homeless individuals with mental illness.

NCCMHC members feel that it is also important to recognize what statistics do not tell you about the importance of supportive housing for persons with mental illness. Put simply, a decent, safe and sanitary place to live for clients is essential if mental health professionals can be expected to effectively treat people in the community rather than in institutions. NCCMHC wholeheartedly endorses the guiding principles laid out by the National Institute of Mental Health (NIMH) in its 1987 policy statement on national housing policy. According to the NIMH, persons with long-term mental illness should be provided housing "in the same living environments available to the general public, if appropriate supportive services are readily available and are provided in a flexible, individualized manner." While federal policy is long way from meeting these goals, NCCMHC is hopeful that the National Affordable Housing Act will make substantial progress in the right direction.

Mr. Chairman, the following is an excerpt from a policy statement on housing approved by the NCCMHC Board of Directors this past March.

The National Objective

The National Council believes that all people with mental illness

should be provided with the option to live in decent, stable, affordable and safe housing, in settings that maximize their integration into community activities and their ability to function independently. Housing policies should not restrict individuals in terms of their length stay at a residence nor should they be required to move or lose their housing as a result of short term hospitalization. Individuals with mental illnesss should be given the ability to actively participate in the selection of their residential setting based on the full range of options available to the general public.

Since mental illness is a public health concern, the system of publicly supported community mental health services should play an integral role in addressing housing and support needs of individuals with mental illness. The establishment of a wide range of options however, requires full coordination and negotiation among consumer advocates, mental health authorities, public housing authorities, local governments and the private sector.

Supportive Housing for Individuals With Long Term Mental Illness

The National Council is committed to a system of supportive housing which combines an appropriately designed residence with a package of individualized supportive services. The National Council supports federal programs which expand the supply of supportive housing to help not only persons with chronic mental illness, but also the physically handicapped and developmentally disabled. Overall, the focus of federal housing programs should be toward increased permanent housing options. Emphasis should be placed upon the development of a full continuum of residential services including transitional, group homes and independent living arrangements. This is particularly true in the case of housing for homeless individuals with mental illness.

The Section 202 Nonelderly Handicapped Program (the principal federal program to support housing for persons with disabilities) must be improved in several respects. The policies of the Department of Housing and Urban Development must be restructured to shift attention toward the needs of people with long term mental illness, including those who are elderly, families with small children, or those who are homeless. Any HUD housing production program created for the special needs of the disabled should greatly reduce the administrative burdens on providers and place higher priority on "user friendly" procedures for project sponsors. It should include expanded federal support for housing that helps individuals with disabilities function independently and become integrated into the community.

The new special program designed to finance the production of housing for the disabled should continue federal support for the development of small and scattered site group homes and independent living facilities. The program must improve on the Section 202 program in several ways:

o The process designed to separate the elderly and handicapped

production programs (initiated in the Housing and Community Development Act of 1987, P.L. 100-242) should be completed. The National Council supports using not less than 15 percent of the total appropriations of the Section 202 program for the development of housing for individuals with disabilities. A separate authorization would allow the program to be designed for the special needs of this population.

- o The application and development process should be expedited and streamlined. States and community mental health agencies should continue to be eligible to apply for loans on behalf of nonprofit sponsors, particularly as they relate to specific populations such as the chronically mentally ill. This change recognizes the importance of states and community agencies in providing necessary supportive services.

- o The loan program itself should place emphasis on the production of additional housing units through the use of forgivable long-term loans with HUD subsidies for the difference between operating costs and tenant rents as opposed to the limited and costly system of Section 8 fair market rents.

The current Section 202 system provides for 40-year direct loans at interest rates equal to the government's cost of borrowing. Projects then receive Section 8 rental subsudies which pay interest plus principal. Thus Congress is forced to allocate funds both to make and repay the loan. A new system should be instituted based on the actual costs of building and operating housing for the disabled. This would continue the direction established in the Housing and Community Development Act of 1987, i.e. using operating subsidies rather than building rent subsidies. In the past, reliance on Section 8 fair market rents has served to limit development of new units.

Expansion of Integrated Living Arrangements for Persons With Disabilities

A major focus of any new program should be the expansion of housing designed to help persons with disabilities and mental illness become integrated into the mainstream of the community. In the past, federal programs were oriented toward projects which segregated individuals based upon particular disabilities. While such arrangements made sense for some, many now believe that it is better for individuals with disabilities to live in integrated housing when they choose to. Such housing can be tailored to fit special design and service needs through the use of adaptable housing. Efforts to reorient federal programs must expand opportunities for integrated living through rental subsidies and adaptable housing.

Expanded Rental Assistance for Individuals With Disabilities

The current voucher and Section 8 certificate programs should be expanded to include a set aside of rental credits for individuals with disabilities. These rental credits should be used to help persons with disabilities who require both rental assistance and special support services or design amenities in order to live

independently. However, persons with disabilities must not be restricted to this set aside. Use of rental credits for supportive services and design alterations should be done consistent with state and local mental health plans. Applicants must be required to financially involve the community mental health agency in determining which systems are able to provide support for prospective recipients of rental credits.

Mr. Chairman, the NCCMHC policy offers a broad endorsement of the goals of S. 565 & S. 566. As I stated earlier however, NCCMHC hopes to go beyond general support of your proposals and offer specific ways in which we feel the bills can be improved.

Substitution of the Terms "Handicapped" and Handicapped Persons" With "Persons With Disabilities": Throughout the National Affordable Housing Act, reference is made to "handicapped" and "handicapped persons." While this is consistent current policy in other federal programs, we feel that it does not accurately reflect the way most people with disabilities or their families (including those suffering from mental illness) think of themselves. As a disability is a condition which inhibits a persons only in relation to his or her environment as opposed to a handicap which is more cumulative in nature. Placing "individual" in front of the term "disability" connotes that the person is an individual first and foremost, with many abilities in addition to a condition which limits one or more life functions.

The definition of "handicap" under Section 522(j) of the Act should also be changed in order to make it more consistent with recognized defintions of disability in federal law. By maintaining the current definition contained in Section 202, the National Affordalbe Housing Act runs the risk of perpetuating certain biases and stereotypes that exist among housing professionals at the state and federal levels. Typically, officials at housing agencies are not trained or used to dealing with persons with disabilities on a daily basis as psychologists, clinical social workers and licensed mental health counselors are. Unfortunately, this fact of life has resulted in HUD's making unsound judgements in trying to distinguish among "categories of handicaps."

Giving HUD continued discretion to determine which type of housing is best for a person with mental illness or even if subsidized housing is proper is inappropriate. Decisions concerning how persons with disabilities (including mental illness) can live independently are best made by professionals in this field, not housing finance experts. Thus, NCCMHC recommneds that language for "handicapped individual" in the Act adopt the definition from Section 504 of the Rehabilitation Act of 1973 (U.S.C. 701 et seq.).

State and Local Housing Strategies: Section 105 of S. 565 contains a requirement for participating jurisdictions to develop a five year comprehensive strategy for assessing the special needs of low and moderate income families, the elderly and others. NCCMHC suggests that persons with disabilities, including persons with mental illness be added to the criteria considered by each recipient jursidiction. This would be consisitent with established national policy preference for including

Low-Income Rental Assistance - Fair Market Refinements: Section 421(d)(2) of S. 565 is designed to address the need to adjust fair market rents for variations within market areas and regions by ensuring better access to education and employment opportunites. NCCMHC suggests that language similar to that contained in the section of S. 565 for the "national set-aside of rent subsidies for persons with handicaps" be added here. This would allow HUD to make adjustments in rent schedules for special accomodation needs for residents with particular disabilties to be included.

Low-Income Rental Assistance - Special Targeting for Persons With Disabilities: Section 421(e)(2) contains a provision designed to determine the criteria each participating jurisdiction shall use in distributing its rental credit allocation. NCCMHC suggests that language be added to ensure that each jurisdiction certify to HUD that a portion of rental credits be used for persons with disabilities.

Supportive Housing for the Handicapped - Broadening Eligible Applicants: Subtitle C of S. 565 continues the process of separating out the Nonelderly portion of Section 202 into a distinct program to serve the needs of persons with disabilities. NCCMHC supports this process as necessary given the demand for special services in housing support. NCCMHC recommends that eligibility for allowable applicants under national competition be expanded beyond nonprofits to include agencies of local government. County and city governments all across the country operate community mental health agencies. They are already supplementing federal dollars with their own resources. Allowing local government agencies to further access federal funds will permit greater efficency at the comunity level.

Supportive Housing for the Handicapped - Definition of Allowable Housing: Section 521(j)(3) defines what types of housing arrangements for persons with disabilities are eligible for support under the Act. NCCMHC understands the use of recognized definitions of "group home" and "independent living facility" contained in S. 565. A broader definition may however, serve to promote more flexible and integrated housing strategies at the community level. In 1988, Congress sought in the McKinney Permanent Housing for the Handicapped (see P.L. 100-628) to establish that definition. This allows HUD to waive the eight person limitation for group homes if local market conditions and economies of scale dictate a larger project and if such a project will enhance neighborhood integration. Including this language from the McKinney Act will allow for consistency in HUD programs while increasing flexibility and coordination of housing strategies at the local level.

Supportive Housing for the Handicapped - Applications: Section 521(f) of the Act requires that project applications under Section 202 state which category of handicapped persons the housing is intended to serve. NCCMHC feels this mandate is unnecessary and in some cases even harmful. Grouping persons with disabilities into categories does not help in determing or identifying which supportive services they will be required at the site. More importantly however, the use of such terms and categories may serve to perpetuate certain biases and stereotypes that exist among housing professionals both at the state and federal levels. Therefore, NCCMHC recommends that applicants only be required to state that the project will

serve persons meeting the definition of disability under the law.

Mr. Chairman, NCCMHC appreciates the opportunity to share our views on the National Affordable Housing Act. I hope the suggestions we have offered are helpful to you and your colleagues in improving what is already a vast improvement on current law. We are grateful for your leadership on this issue and we look forward to participating in the process of putting a new federal housing law on the books which will serve persons with disabilities well into the next decade.

11C:04

A A H A

DEVELOPMENT CONSTRAINTS LEAD TO OVER 40,000 UNITS OF SECTION 202 HOUSING IN THE HUD PIPELINE

Currently there are between 35,000 and 45,000 units of Section 202 housing for the elderly and mobility impaired, which HUD has granted fund reservations for, but has not yet approved the start of construction. These housing units, commonly referred to as being stuck in HUD's funding "pipeline", represent over four years of appropriations at the FY89 funding level. Many of these units have been delayed in the pipeline for more than four years.

During this era of severe budgetary constraints, when federal funding for assisted housing programs has been significantly reduced, the Section 202 units already appropriated represent a much needed housing resource. More importantly, the federal government can develop these elderly housing units quickly, without appropriating additional funds. Over 40,000 units of Section 202 housing, if moved quickly to construction, can make a significant impact on the affordability crisis facing elderly Americans in communities across the country.

At a time when affordable housing for the elderly is urgently needed, the limited funding which Congress has already appropriated for Section 202 is often stalled by restrictive HUD policies. The length of time between loan reservation and the start of construction has increased dramatically in recent years, and the number of units starting construction as a percentage of units in the pipeline has dropped from 50 percent in 1978, to just 13 percent in 1988.

One of the primary causes of the pipeline delay is due to lengthy negotiations over HUD's restrictive cost containment guidelines. Nonprofit sponsors are often forced to use inferior building materials, and design project which lack the community space necessary to provide a quality living environment for seniors. Another source of the pipeline delays is HUD's use of Section 8 Fair Market Rents (FMRs), to limit per unit development costs. Fair Market Rents do not reflect actual development costs, and HUD's use of FMRs has made Section 202 projects financially infeasible in 66 areas of the country; effectively redlining almost a third of the country. Even with the cost containment and modest design standards, many of the projects trapped in the pipeline have been unable to bring development costs within the FMR limitations. Ironically, the longer these projects are delayed in the pipeline, the more costly and less feasible they become.

Many nonprofit sponsors have had to contribute tens of thousands of dollars to projects which should have mortgage allowance for 100 percent of development costs. Yet even with a large sponsor contribution, many projects are unable to move forward. While AAHA appreciates the need to contain costs, the current system is not working. The development of Section 202 housing has slowed to a virtual standstill.

AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Suite 400, 1129 20th Street NW, Washington, DC 20036-5489 • 202 296-5960 • FAX 202 223-5920

Midwest Office • Suite 228, 911 N. Elm Street, Hinsdale, IL 60521 • 312 325-6755

Western Office • 5010 Aspen Drive, Littleton, CO 80123 • 303 795-5465

Donald L. Gilmore, *Chairman* • Sheldon L. Goldberg, *President*

There are several administrative remedies which HUD can take, to allow Section 202 units in the pipeline to move forward. Each method requires reform to the system of cost limitations which is currently based on the Section 8 FMRs. This reform should apply to units currently in the pipeline, as well as to future applicants, and may include the following:

- Change the current HUD policy of locking in the FMR limitation on the year of fund reservation, and allow for use of the FMR limitation for the year in which construction is actually started. If FMR limitations are to be continued, they should at least reflect the most current allowances.

- Publish realistic new construction FMRs, based on comparable construction costs as determined by representative surveys, no later than the first of the fiscal year for which they apply.

- Allow flexibility for case-by-case review of FMRs for pipeline projects, to ensure rapid development of projects which can not move forward under current conditions. Review of pending fund reservations should also allow flexibility for: acquisition of existing multifamily housing, (possibly HUD-insured projects which have been foreclosed in recent months), in areas where FMRs will not support new construction; transfer of fund reservations to different sites within the same state or region; and combining several projects to make one larger, more feasible project.

- Grandfather pipeline projects into any new system for cost containment adopted in new legislation, (such as the system used for the Section 202 handicapped housing program, and the system proposed for the Section 202 elderly housing program in S. 565, the National Affordable Housing Act; which are based on an actual development cost index).

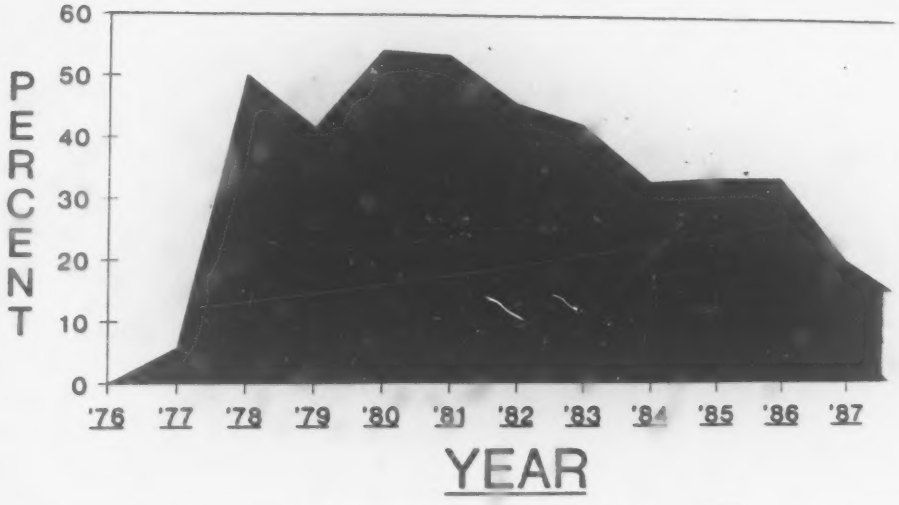
- Enhance staff capabilities in the area of application processing by: 1) adding staff, 2) creating an experienced application processing team at HUD central to handle certain functions for all field offices, and 3) establish goals and timetables for field office application processing, and rate field offices on their compliance.

AAHA urges the adoption of one or more of the above remedies. A mix of cost containment reform, FMR adjustment for pipeline projects, and a small amount of site transfer or cancellation/recapture, may be the most effective package. If annual appropriations levels for the Section 202 program can not be restored to the 20,000 unit level in the near future because of budgetary constraints, HUD can at least clear out the units already funded and in the pipeline. There is much to gain, and very little to lose, for Congress, the Administration, and the nation's low-income elderly.

For further information, contact Larry McNickle or Kenneth Stewart on AAHA staff, at (202) 296-5960.

A A H A

HUD SECTION 202
UNITS STARTED AS PERCENT IN PIPELIN



Data from HUD MIDLIS (Oct.14, 1988)

Prepared by
BAKER & ASSOCIATES

AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Suite 400, 1129 20th Street NW, Washington, DC 20036-3489 • 202 296-5960 • FAX 202 223-5920
Midwest Office • Suite 228, 911 N. Elm Street, Hinsdale, IL 60521 • 312 323-6755
Western Office • 5010 Aspen Drive, Littleton, CO 80123 • 303 795-5465
Donald L. Gilmore, *Chairman* • Sheldon L. Goldberg, *President*

EXPLANATION OF GRAPHS SHOWING
SECTION 202 PIPELINE INFORMATION

This data was obtained from HUD MIDLIS information dated October 14, 1988, and HUD press releases announcing Section 202 Fund Reservations for fiscal years 1976 through 1988. This data does not take into consideration cancellations or projects that were funded that were not included in the official press releases. Units in the pipeline include all units for which funds have been reserved but for which construction has not yet started.

YEAR	UNITS FUNDED	STARTS	UNITS IN PIPELINE	UNITS STARTED AS % OF UNITS IN PIPELINE
1976	26,400	0	26,400	0.00%
1977	21,336	2,628	45,108	5.83%
1978	19,200	21,477	42,831	50.14%
1979	20,444	18,583	44,692	41.58%
1980	17,900	21,993	40,599	54.17%
1981	14,470	19,190	35,879	53.49%
1982	15,525	16,102	35,302	45.61%
1983	13,200	14,389	34,113	42.18%
1984	14,024	11,895	36,242	32.82%
1985	12,300	12,188	36,354	33.53%
1986	11,300	11,980	35,674	33.58%
1987	12,689	8,076	40,287	20.05%
1988	11,375	5,898	45,764	12.89%

At the 1988 rate of construction starts, it would take HUD almost eight years to clear out the existing pipeline even if no new projects were funded. At the 1987 rate, it would take almost five years.

RETIREMENT HOUSING FOUNDATION
PROJECTS UNDER DEVELOPMENT

Project	Units	Date of Fund Reservation	Processing Stage	% FMR	PUPA	Mortgage Shortfall	Sq. Ft. Cost	RHF Invest.	Comments
Saline (MI)	48	1987	Firm iss'd.	120	1,950	$ 25,000	$51	$ 500	Firm issued @ 8-5/8%, @ 9-1/4 = $146,700. Fire Dept. wants sprinkler. In HUD/Central for revisions.
Bismarck (ND)	46	1987	Firm iss'd.	120	1,790	172,025	39	25,300	In HUD/Central. HUD won'd decrease PUPA.
Bonham (TX)	40	1986	Firm iss'd.	120	1,600	72,000	37	8,600	Firm issued with mortgage shortfall. Appeal filed with HUD Central to allow in excess of 120% EFMR's. 100% mortgage requires 131.5% FMR.
McKinney (TX)	46	1986	Firm in HUD	120	1,741	0	40	123,000	HUD's PUPA is $1,972; would require 122.5% FMR. Firm issuance targeted for 7/15/89.
Tillamook (OR)	30	1986	Firm iss'd.	120	1,000	120,000	37	7,850	Holding for new FMR's. PUPA too low.
Post Falls (ID)	35	1986	Cond. iss'd.	120	1,100	124,500	28	10,500	Architect won't proceed with working drawings. Advised HUD we are dropping project; cannot support mortgage.
Chesapeake (VA)	38	1986	Cond. iss'd.	120	1,600	80,000	50	3,700	City committed to shortfall. Firm issuance targeted for 10/89.
Norfolk (VA)	40	1986	Firm in HUD	120	2,200	170,000	45	5,000	No tax exemption. Redevelopment money available. Firm issuance targeted for 7/89.
Lower Townsip (NJ)	55	1986	Cond. in HUD	110	2,300	500,000	44	0	No tax exemption. $500,000 State Grant rec'd. Firm issuance targeted for 10/89.
Fort Wayne (IN)	50	1986	Cond. in HUD	110	1,500	0		5,000	HUD gives until September to close.
Ephrata (PA)	61	1985	Firm in HUD	120	1,900	100,000	59	108,000	Still in HUD/Washington. Have agreement to payment in lieu of taxes. Applied for permit; drawings now approved.
Corydon (IN)	50	1985	Cond. iss'd.	110	1,500	0	37	20,000	Processing for Firm Commitment 5/31/89.
La Mirada (CA)	75		Firm iss'd.	110	1,850	0	60	21,000	City contribution - $260,000 (offsites, etc.)
St. Croix (VI)	55	1985	Cond. in HUD	120	1,400	100,000	35	16,000	Still in HUD/Washington for review. Need higher FMR's (in process).
Winslow (AZ)	42	1987	Cond. in HUD	110	1,700	0	35	7,000	Firm Commitment Applic. to be submitted to HUD by 6/10/89.
Mesquite I (TX)	45	1987	Cond. in HUD	120	1,765	0	37	5,200	HUD's PUPA is $1,875; would push FMR's to 122%. Conditional targeted for 7/15/89.
Lindsay (OK)	31	1987	Cond. in HUD	110	1,775	0	45	2,600	Firm submission targeted for 7/15/89.
Santa Monica (CA)	72	1987	Firm in HUD	110	1,850	0	56	600	City contribution $1 million in offsites. Problem with HUD re constr. of parking structure must be resolved.
Camp Verde (AZ)	41	1988	Cond. in HUD	109	1,685	0	42	2,000	Application for Firm Commitment to be submitted by 9/10/89.
Mesquite II (TX)	48	1988	Cond. in HUD	120	1,868	0	37	3,200	If HUD increases PUPA, rents will exceed 120%. Conditional targeted for 7/15/89.
Los Alamitos (CA)	71	1988	Cond. in HUD	110	1,800	0			Conditional Use Permit approved.
Des Moines (IA)	40	1988	Pre-Cond.	110	1,700	0			Seeking new site.
Honolulu (HI)	21	1988	Pre-Cond.	120	1,500	500,000		500	City to take Residual Receipts Note for $500,000. Accomplishing soil testing.
Phoenix (AZ)	40	1988	Pre-Cond.	110	1,700	0			Have HUD Fund Reservation. Commencing negotiations on land acquisition.
Sulphur (OK)	31	1988	Pre-Cond.	110	1,795				Conditional submission targeted for 7/15/89.

FY 1990 HUD APPROPRIATION

The Committee is concerned that the fair market rents established under the Section 8 portion of housing for the elderly and handicapped, along with rigid application of "cost containment" regulations, are seriously impeding the program's production. For example, the Department reports that only 5,301 units were moved to construction during FY 1988 -- compared to 54,897 units that have been reserved but have not moved to construction.

In order to move projects from reservation to construction expeditiously, the Secretary is directed to conduct an annual review of the fair market rents under the Section 8 program and to adjust rents to reflect actual current market conditions. In the Committee's view, fair market rents for Section 202/8 projects should reflect rents at time of closing rather than time of reservation. Moreover, the Secretary should use statutory discretion to adjust rents for troubled projects while holding projects to reasonable timetables in moving to construction.

The Committee also notes that HUD management of "cost containment" regulations has delayed projects and created inadequate facilities. The Secretary is strongly urged to grant greater design flexibility in meeting cost containment guidelines. Specifically, the Committee recommends that projects have no requirements regarding unit type (efficiency, one bedroom, or two bedroom) apart from the statutory maximum of 25% efficiency units. The Committee further recommends greater flexibility with regard to features such as elevators, unit size, congregate or communal spaces, and safety features (such as sprinkler systems) consistent with overall limits on construction costs and programs objectives in serving older and disabled persons.

○

* Doesn't include raising mortgage limits.